

The Incorporated Accountants' Journal

The Official Organ of

The Society of Incorporated Accountants and Auditors

THE INCORPORATED ACCOUNTANTS' JOURNAL is published monthly, on the first day of each month, at an Annual Subscription of 12s. 6d., which includes postage to all parts of the world. The price of a single copy is 1s. 3d., postage extra.

Communications respecting the general business of the paper to be addressed to the Secretary of the Society of Incorporated Accountants and

Auditors, Incorporated Accountants' Hall, Victoria Embankment, London, W.C.2. Cheques and postal orders should be made payable to the Society, and crossed "Bank of England."

Letters for the Editors to be forwarded to them, care of the Secretary, as above. Correspondence, copies of reports and accounts, &c., will be welcomed from the profession.

Vol. XLV

FEBRUARY, 1934

No. 5

Contents.

	PAGE
Professional Notes ...	165
What is "Discovery," by an Inspector of Taxes? (Article) ...	168
Probate Valuation of Shares in Private Companies (Article) ...	170
New Year's Honours List ...	171
The Financial News ...	171
Incorporated Accountants Year Book ...	171
Society of Incorporated Accountants and Auditors:—	
Council Meeting and Special Meeting ...	172
Examination Results in South Africa ...	174
Membership ...	178
Obituary ...	172
Statutory Recognition of Accountants in Germany ...	173
Correspondence:—	
Solicitors Act, 1933 ...	173
Accountancy Research ...	173
Taxation of Registered Companies in Germany ...	174
Changes and Removals ...	175
Professor Carr-Saunders on Professional Organisation... ..	175
Public Auditors ...	179
A Trusteeship in Bankruptcy—The Practical Aspect:—	
Lecture by Mr. W. J. Back, Incorporated Accountant ...	183
Company Registrations at Somerset House ...	191
The Banker and the Accountant:—	
Address by Mr. J. M. Furniss, General Manager, Martins Bank Ltd. ...	192
Incorporated Accountants' Bradford and District Society:—	
Annual Dinner ...	197
Accountant Officers, Royal Air Force ...	199
District Societies of Incorporated Accountants... ..	200
Reviews ...	200
Scottish Notes ...	201
Legal Notes ...	202

examination and inquiry a reasonably informed opinion on the question whether the books were so kept that a true and correct view of the state of the company's affairs could be obtained therefrom; and (3) to determine whether the directors and officers of the company, in preparing from the books the balance sheets or other accounts and submitting them to members, had dealt fairly and honestly with the members. Mr. John Myers who presided at the meeting remarked that apparently the tendency of the present day shareholder was to regard the auditor as a combination of detective, bloodhound, valuer and insurer. He thought that the plain man nowadays had a somewhat exaggerated idea of the omniscience and omnipotence to be expected of the auditor.

Sir Harold Bellman, the chairman of the National Association of Building Societies, in a recent address gave some remarkable figures showing the development in recent years of the operations of building societies. He said that in 1890 the total assets of building societies amounted to £51,000,000 and increased to only £65,000,000 up to the year 1913. Since then, up to the end of 1932 the assets of these societies had expanded to no less than £469,000,000, which is equal to an average increase of about £24,000,000 a year. The greater part of this increase took place in the years following the war when the question of housing accommodation became acute. Having regard to the high costs of building which then prevailed and the unsubstantial nature of many of the structures, it is to be hoped that the societies have left themselves with an adequate margin on their advances.

A novel point in relation to voting at a creditors' meeting arose in *re Potts*, before Mr. Justice Farwell last month involving the question whether

Professional Notes.

In another column will be found some particulars with regard to the statutory recognition of Accountants in Germany, under the designation of "Wirtschaftsprüfer." This came into force on the 19th of December last, by virtue of a decree issued by the Imperial Government.

Sir Nicholas Waterhouse in the course of an address, to the London members of the Institute of Chartered Accountants on the subject of "The Liability of Auditors," said he considered that the scope of the official audit was (1) to ascertain whether any balance sheets or other accounts submitted to members were in accord with the books of account from which they would ordinarily be made up; (2) to reach by

a proof of debt which had been admitted for voting purposes at a first meeting could be rejected for that purpose at a subsequent meeting. The effect of the proof being admitted was that a proposal by the debtor for a composition was carried by the necessary majority in number and value of the creditors who had proved their debts. The Bankruptcy Act enactment regulating the voting at creditors' meetings is contained in Rule 14 which provides that :—

"The chairman of a meeting shall have power to admit or reject a proof for the purpose of voting, but his decision shall be subject to appeal to the Court. If he is in doubt whether the proof of a creditor should be admitted or rejected he shall mark the proof as objected to, and shall allow the creditor to vote, subject to the vote being declared invalid in the event of the objection being sustained."

His Lordship held that on the true construction of the rule, the chairman of each meeting had the power to determine whether a proof should be admitted or rejected for the purpose of voting at that meeting. The language of the rule was "The chairman of a meeting shall have power to admit or reject a proof." It was not "The chairman of the meeting" or "The chairman of the first meeting."

The recent case of *Overy v. Ashford Dunn and Co., Ltd.*, throws fresh light upon the circumstances in which compensation paid to directors for loss of office is allowable as a deduction from a company's profits for Income Tax purposes. In this case the company claimed as an allowable expense a sum of £3,000 paid to its three directors who agreed to retire from the Board under a scheme of amalgamation with a rival company which acquired the shares, this payment being in addition to the directors' ordinary remuneration. The only alternative to amalgamation was to continue in fierce and unprofitable competition with the rival company.

The claim was based upon the decision in the case of *Mitchell v. Noble*, where compensation paid to a director to secure his retirement from office was allowed as a deduction from the company's assessable profits on the ground that it was in the interests of the company to avoid the publicity of any steps which might have been taken for his dismissal. In that case it was held that the compensation was a payment made wholly and exclusively for the purpose of the business, whereas in the present case the compensation (which represented the balance of the accumulated profits) did not fall within that

description and was not essential for the carrying through of the scheme of amalgamation.

A somewhat unusual point was decided by the Court of Appeal recently in the case of *Corry v. Robinson (Inspector of Taxes)*. It had reference to a civil servant appointed by the Admiralty to a post abroad as deputy cashier. This post he held for some three years, during which time he was paid a salary and provided with an official house as residence or given an allowance in lieu of same. He contended that his income, being wholly earned abroad, was not subject to taxation in the United Kingdom and that in any case the allowances could not be included. The decision of the lower Court was that he was liable in respect of his salary and any cash allowance but not in respect of the residence, and this view has been accepted by the Court of Appeal on the authority of Rule 18 (2) of Schedule E, which provides that:—

"A person chargeable in respect of an office or employment of profit shall be deemed to exercise it at the head office of the department under which it is held, and shall be assessed and charged at that head office, although the duties of the office or employment are performed, or any profits thereof are payable elsewhere, whether within the United Kingdom or not."

The Master of the Rolls, in delivering judgment said that Rule 18 must be regarded as a key to the construction of the words used in Rule 6, which mentions "public offices and employments of profit within the United Kingdom." Regarding the allowances, so far as these were paid in cash, they were part of the salary, but no assessment could be made in respect of the residence, which was provided with the proviso that it could not be sub-let in whole or in part. The taxpayer could not therefore make a profit out of it.

The Court of Appeal has affirmed the decision of Mr. Justice Finlay (referred to in our Professional Notes of September last) in relation to the *Du Bois Company*, in which he held that the words "income from stocks and shares" was wide enough to cover income which the parent company acquired from a German undertaking known as C. Herbert Terry Gesellschaft. The Master of the Rolls, in giving judgment, said there was no reason to think that the view which Mr. Justice Finlay had expressed was wrong and there was no reason to disturb his decision.

Are advances made by a holding company to a subsidiary company subject to the duty of 2s. 6d. per cent. under sect. 8 of the Finance Act, 1899? The answer of Mr. Hore-Belisha to this question in the House of Commons was that the liability to duty on loan capital of companies depends on the character and not on the source of the borrowing, and consequently if the loan is of the kind that comes within the section it will be liable to duty although made to a subsidiary company by a parent or holding company. In business circles a different view has been held, as it was not considered to be the intention of the Legislature to impose duty in such cases.

There appears to be a feeling both inside and outside the Stock Exchange that a lowering of the existing scale of charges, combined with such publicity as would bring the alteration effectively within the knowledge of the public, would have the effect of transferring from the bucket-shop-keeper to the authorised brokers a large amount of the business which at the present time is done by the former. It is stated that many members of the Stock Exchange would willingly allow a substantial cut in certain of the rates even on the existing volume of business, but under the rules of the Stock Exchange this is not permissible.

In order to avoid Income Tax appeals going through so many stages and thus causing heavy expense to the taxpayer it has been suggested by a member of the legal profession that the practice which prevails in Scotland might be followed and thus save part of the heavy costs which taxpayers are liable to incur by reason of the Inland Revenue, when suffering an adverse decision at the hands of the Commissioners, carrying the matter first to the King's Bench, then to the Court of Appeal, and finally to the House of Lords. It appears that the practice in Scotland is for appeals to go direct from the Commissioners to the Inner House, which corresponds to our Court of Appeal, and some authorities have suggested that the Appeal Court should be final. The present procedure certainly favours the Inland Revenue, as the question of costs does not influence their decision to carry the matter to the House of Lords.

A correspondent of *The Times* has suggested that the Post Office might issue books of postal orders in the same way as they now issue books of postage stamps. The proposal is that these books should contain a value of £1 made up of,

say, two orders at 5s., two at 2s. 6d., and five at 1s., which the purchasers might use for settling small accounts and thus avoid the drawing of cheques. It seems, however, that the proposal does not take into account the limit of about three months from the date of issue for which a postal order is at present available, as in many cases it would be found that the holder of the book would not find it necessary to use the whole of the orders within the time limit. Moreover, the cost of postal orders is such that for any amount exceeding 2s. 6d. the saving is hardly worth consideration.

Commenting on the subject of Professional Ethics, the *Journal of Accountancy*, New York, says: "The board of examiners of the American Institute of Accountants has introduced into the auditing examination a question based upon the code of ethics of the Institute. The board apparently felt that a man who is competent to be an auditor must be familiar with the principles which govern the reputable practice of the profession. The first of these questions appeared in the examinations of November, 1933. It required the candidate to explain the rule against advertisement of professional ability. Some of the members of the board expressed the opinion that this question was too elementary, but the answers are instructive nevertheless.

One candidate wrote: "For an accountant to advertise professional attainments would be disclosing information which should not be made public." Comment upon this answer would be entirely superfluous. Another candidate wrote: "... by frowning upon blatant display of qualifications in the hope of winning favouritism and clients at the expense of their less noisome but probably more proficient fellow practitioners." "Noisome," as Polonius might have said, is good, very good. Another candidate wrote: "If an accountant solicits business, advertises, underbids, &c., he will not only cut his fellow accountant's throat but will reduce himself from a professional standing to the standing of a cut-rate drug store or to that of the oldest profession known." Another candidate, who probably knew what he was trying to say but disguised his knowledge admirably, wrote: "If advertising were adhered to it would tend to alleviate the professional qualifications." The best answer of all, however, is probably this: "It looks like hell for an accountant to advertise how smart he is." The examiner, who reported this answer, added his own comment: "A bully statement of fact."

WHAT IS "DISCOVERY" BY AN INSPECTOR OF TAXES?

THE recent decision of Mr. Justice Finlay in the case of *Williams v. Grundy's Trustees* respecting the meaning to be attached to the word "discovers" is likely to create uncertainty and prevent finality in dealing with Income Tax assessments. In the first place, it may be well to summarise the statutory provisions bearing upon the matter. Sect. 125 of the Income Tax Act, 1918, provides that:

"If the Inspector of Taxes discovers—

"that any properties or profits chargeable to tax have been omitted from the first assessments; or

"that a person chargeable has not delivered any statement, or has not delivered a full and proper statement, or has not been assessed to tax, or has been undercharged in the first assessments; or

"that a person chargeable has been allowed, or has obtained from and in the first assessments, any allowance, deduction, exemption, abatement, or relief not authorised by this Act,"

then the matter may be put right by amending the assessment or by making an additional first assessment, as the case may be. The period within which the amendment or additional assessment can be made is six years after the expiration of the year of assessment.

By sect. 126 of the same Act, if the Inspector of Taxes "discovers" that a person liable to tax has not been charged in any first or additional first assessment, he may within the same period surcharge the person liable.

By sect. 140 of the same Act, "a person who has delivered a statement or schedule and 'discovers' any omission or wrong statement therein," may rectify the same.

Sect. 124 of the Finance Act, 1923, which enables a taxpayer to apply for relief against an assessment which is excessive by reason of some error or mistake in the return or statement made by him, can be invoked within the same period, but no relief can be given in respect of an error or mistake as to the basis upon which liability ought to have been computed if the return or statement was made on the basis or in accordance with the practice generally prevailing at the time when the return or assessment was made. The word "discovers" does not appear in the section.

In view of the fact that the three sections of the 1918 Act commence in effect with the words "If the Inspector of Taxes, or the taxpayer, as

the case may be, discovers," these sections have always been treated as only coming into operation if the individual in question "discovers" the material circumstance. It is not merely that it exists, but that he discovers that it exists. Everything, therefore, turns on the meaning of the word "discovers." The word is not a term of art, and, therefore, it bears its ordinary and natural meaning in the context. Unfortunately, words usually have several ordinary and natural meanings, and this word has several meanings. There are two main meanings, viz, "to disclose to another," and "to find out." The former is obviously not the one which can apply, and therefore the term must be equivalent to one or other of the shades of meaning which attach to "finds out." In *Rex v. Kensington Tax Commissioners* [1913], the point discussed in the Court of First Instance, but not on appeal, was whether the Inspector must act on "legal evidence," whatever that may mean. Mr. Justice Bray said that "discovers" means "comes to the conclusion from the examination he makes, and from any information that he may choose to receive." Mr. Justice Avory said it was equivalent to "has reason to believe," and Mr. Justice Lush favoured "finds" or "satisfies himself." In the next case (*Rex v. Bloomsbury Tax Commissioners* [1915], Lord Reading accepted all three attempts and treated them all as covered by the words "honestly comes to the conclusion upon the material then before him."

After a number of years, Mr. Justice Rowlatt had before him the same point on a case (*Anderton and Halstead v. Birrell* [1932], where an allowance having been made for a doubtful debt, the Inspector later on changed his mind because the taxpayer had subsequently continued to trade with the debtor in question, and increased the debt, although other debtors' debts had been decreased. The learned Judge held that that was wrong. He said, "The word 'discover' does not, in my view, include a mere change of opinion upon the same facts and figures upon the same question of accountancy. . . . How greatly it would have simplified the problem if it could have been said that the Inspector makes a 'discovery' if he merely changes his opinion, without any new information at all." He then discussed the question whether the information was such as to justify the intervention of the Inspector on the ground of a "discovery," and held that it was not. It will be observed that, though the judgment does not expressly refer to the idea, connoted by the word "discovery," that there must be something new, the terms of his judgment show that he was alive to the connotation. How can a man discover anything relating to the external world

when the only new fact is the very change of mind which is to be justified by a discovery? The Inspector must surely discover something other than the change of mind which should be the result of the discovery, and not the discovery itself.

It will be observed that the decision turned on an allowance for a doubtful debt. The amount of the allowance is a matter of fact, depending as it does purely on an opinion as to value based on the actual circumstances. The decision, therefore, is that an Inspector does not discover an under-charge merely because, on re-examining the facts, he comes to the conclusion that he made a mistake. There must be some additional fact or facts coming to his knowledge which would lead him to that conclusion, and such additional information must be such as is relevant.

The point came up again, this time with reference to a matter of law, in the case of *Williams v. Grundy's Trustees*, decided by Mr. Justice Finlay in December last. In that case a fund was settled by a will in favour of a minor. If his interest in the fund was vested, then the income was taxable. If that interest was not vested, but contingent, then the trustees were assessable on the income of the fund. In 1928-9 the Inspector was minded to procure an assessment of that income. A full statement of all the facts was made to him, and the question was fully discussed. As a result, the Inspector decided not to raise an assessment, and in the three following years the claim for exemption was made and allowed. Then a new Inspector was appointed, who came to the conclusion, rightly, that the construction placed upon the provision was wrong, and that upon the true construction the income was not exempt. He thereupon not merely disallowed the claim in the current year, but raised additional assessments for all the past years. The Special Commissioners held that he had made no "discovery." All the facts were known at the time, and all that had happened was that the Inspector re-examined the facts and formed a different opinion. Mr. Justice Finlay reversed this finding, and upheld the assessments, and it is understood that no appeal has been lodged. He adopted the meanings laid down in the previous cases and distinguished the decision of Mr. Justice Rowlatt on the ground that that Judge was speaking as to the facts of the particular case, and did not mean "that an Inspector can never make a discovery if the meaning of that discovery involves a change of opinion."

The argument for the Revenue did not place any reliance on the change of Inspector, and would apply to the facts even if the change of mind were

by the same Inspector. What the contention amounted to was this: Did the Inspector discover that profits chargeable to tax had been omitted? and he did then know what he did not know before, viz, that profits chargeable had not been charged. The learned Judge accepted that contention.

With all due respect to Mr. Justice Finlay, it is difficult to appreciate the distinction. If there was a mistake of fact, as in *Anderton's* case, or of law, as in *Williams'* case, the considerations seem to be the same. All the facts were before the Inspector at the time. He knew of the profits, and he knew that these profits had been omitted. They were chargeable to tax. What did he discover? Surely not that profits chargeable to tax had been omitted, because he knew that all along. It is submitted that all he discovered was that they had been omitted for a reason which was wrong in law. That is not the discovery contemplated by any of the sections above mentioned.

The present position, therefore, would appear to be this: that where all the facts and circumstances are disclosed, and the inference to be drawn is one of fact (including opinion), then, in the absence of additional relevant facts, the Inspector cannot make any discovery. If, however, the Inspector changes his mind on a question of law, and the construction of a document is such a question, then he does make a discovery.

It is submitted that the position is hardly satisfactory. It would appear to be a reasonable course to disclose any matter that might cause difficulty to the Inspector, and settle the matter with him upon full disclosure of the facts. If the Inspector in such a case thinks the amount in question is taxable, then the taxpayer may either submit or appeal, and the matter is finally settled. But if the Inspector agrees that the taxpayer's view is correct, the latter ought to be entitled to assume that, unless some fresh information comes to the Inspector's notice, the matter is finally settled, and that he can safely act on that assumption. Certainly if the taxpayer, having accepted the Inspector's view, changes his mind, he cannot review the assessment made.

Some Inspectors have taken up a much narrower view even than that in cases where a taxpayer has sought to take advantage of sect 140. There have been cases where the Inspector has contended that the taxpayer cannot discover because he knew all the facts all the time, and other cases where he has contended that a taxpayer cannot make a discovery unless he finds it out for himself, and therefore cannot rectify an error which has become known by the Inspector calling attention to it.

It is unfortunate that the provisions as to the correction of errors are not the same on both sides. Sect. 24 of the Finance Act, 1923, contains a proviso limiting the right of the taxpayer in very material respects. If the decision in *Williams v. Grundy* is to stand, the Revenue would be entitled to take advantage of any new decision so as to upset all previous assessments made on a basis rejected by such decision, while the taxpayer is expressly disabled from taking advantage of that circumstance if the decision is favourable to him.

It has been an advantage to make a full statement to an Inspector, and to have a discussion upon the points which arise in any case where doubt may exist. This has been at least as advantageous to the Revenue as to the taxpayers concerned, and it would be a pity if such discussions merely led to settlements liable to be departed from if the Inspector has second thoughts within the next six years or so. There is no need to have any discussion of such doubts. The taxpayer is merely required to make a return to the best of his judgment and belief, *i.e.* he has to make up his own mind honestly and candidly, but still without reference to the Inspector. If he cannot gain security and certainty by such discussions then he will not be disposed to embark upon them, and in the long run the Revenue would not be the gainer.

PROBATE VALUATION OF SHARES IN PRIVATE COMPANIES.

DIFFICULTIES often arise with regard to the valuation of shares in private companies on the death of one of the shareholders. The basis is different according to whether the shareholder has or has not a controlling interest in the company. In cases where there is control the valuation is governed by section 37 of the Finance Act, 1930, and the value of the shares has to be ascertained by reference to the value of the total assets of the company as a going concern, including goodwill. Where no such control is held section 7 (5) of the Finance Act, 1894, operates. This section provides that "the principal value of any property shall be estimated to be the price which in the opinion of the Commissioners such property would fetch if sold in the open market at the time of the death of the deceased." In regard to shares coming within this category the tendency of the Estate Duty Office has been to value the shares on the basis of their earning capacity in recent years without regard to other circumstances. It frequently happens that in private companies

there are severe restrictions on the right of transfer of shares which has the effect of preventing them from being marketable and consequently it is difficult to apply the principle of sale in the open market referred to in the above-mentioned section of the Finance Act, 1894. Apart from definite limitations the value of a share is also largely discounted by the fact that it cannot readily be disposed of. The matter has been before the Courts on two or three occasions and has again come up in the case of *Sir W. T. Paulin, deceased, and Mr. Percy Crossman, deceased*, who held shares in Mann, Crossman and Paulin, Ltd. In giving judgment in this case Mr. Justice Finlay considered that he was bound by the decision of the Irish Court of Appeal given in the year 1905 in the case of *Attorney-General v. Jameson*, and the more recent decision of Lord Fleming in the Court of Session, Scotland, in the case of *Salvesen v. Inland Revenue Commissioners*. In the Irish case Lord Justice Holmes gave it as his view that the value of the shares should be estimated at the price which in the opinion of the Commissioners they would fetch if sold in the open market on the terms that the purchaser should be entitled to be registered as holder of the shares and should take and hold them subject to the provisions of the Articles of Association, including Articles relating to alienation and transfer of the shares of the company. In the *Salvesen* case Lord Fleming took the same view, but went somewhat further and explained briefly in his own words the reasons which had led him to do so. He said "the estimation of the value of the shares by a highly artificial standard which is never applied in the ordinary share market must be a matter of opinion and does not permit of precise, scientific or mathematical calculation." The problem, he said, could only be dealt with by consideration of the relevant facts so far as known at the date of the testator's death and by determining what a prudent investor who knew those facts might be expected to be willing to pay for the shares. The relevant facts he considered to be: the history of the industry in which the company was engaged and its prospects at the date of valuation; the history of the company from its inception to the date of the testator's death, and particularly its position at that date and the extent to which the restrictions in the Articles might be expected to diminish the value of the shares. He thought that there was no escape from the conclusion that any restriction on a sale in the open market must be disregarded so far as the assumed sale under section 7 (5) of the Act of 1894 was concerned, but on the other hand the terms of that sub-section did not

require or authorise the Commissioners to disregard such restrictions in considering the nature and value of the shares which the hypothetical buyer acquired at the assumed sale. Although he bought in an open market he bought a share which after it was transferred to him was subject to all the conditions in the Articles of Association, including the restrictions on the right of transfer, and those conditions might affect the price which he would be willing to offer.

Mr. Justice Finlay accepted the view of the law as interpreted by Lord Justice Holmes in the Irish Court of Appeal and by Lord Fleming in the Scottish Court, but held that the proper price in the *Mann, Crossman & Paulin* case was the price fixed by the Articles of Association. In anticipation, however, of the matter being carried to a higher Court he also gave his view as to the price if other considerations should prevail.

NEW YEAR'S HONOURS LIST.

In the Honours List which marked the opening of the New Year 1934 it was announced that His Majesty the King had approved the conferment of a Knighthood upon Mr. Thomas Keens, D.L., F.S.A.A., who was President of the Society of Incorporated Accountants and Auditors during the years 1926-1929.

Sir Thomas Keens is the son of Mr. Thomas Keens, of Luton, Bedfordshire, and was born in the year 1870. He is the senior partner in the firm of Messrs. Keens, Shay, Keens & Co., Incorporated Accountants, of London, Luton, Bedford and elsewhere. He became a Fellow of the Society in the year 1901, and during his Presidency Incorporated Accountants' Hall was acquired by the Council of the Society and was opened by H.R.H. The Duke of York. The activities of Sir Thomas Keens are so well known in connection with his services to Incorporated Accountants and to Local Government that we need not enlarge upon them. He contested the Aylesbury Division as a Parliamentary candidate at the General Elections of 1923, 1924 and 1929 and was successful in winning the seat at the election of 1923. At the last General Election he unsuccessfully contested the Pontypool division of Monmouthshire.

Lady Keens is also well known in the public life of Bedfordshire, she being a member of the Luton Town Council and a Justice of the Peace for the Petty Sessional Division.

In the same Honours List appears the name of the Secretary of the Society of Incorporated Accountants and Auditors, Paymaster-Commander A. A. Garrett, R.N.R. (Retired), who has been awarded the distinction of M.B.E. (Military).

THE FINANCIAL NEWS.

The Golden Jubilee of the *Financial News*, on January 22nd last, was celebrated by the publication of an issue to mark the completion of its fiftieth year. This special number was designated "The City, 1884-1934," and described some of the changes which have taken place during the period, and also recorded the growth and multiplication of the services which the City renders to Great Britain and the world as a whole. The history of the *Financial News* itself was given by Mr. Collin Brooks, and among a number of other articles was one on "The Work of the Public Accountant," by Lord Plender, in his capacity of President of the recent International Congress on Accounting. The messages of congratulation addressed to the Editor included one from Mr. E. Cassleton Elliott, President of the Society of Incorporated Accountants and Auditors, which was as follows:—

"As President of the Society of Incorporated Accountants, I have much pleasure in sending you the cordial congratulations of its members on having completed your fiftieth year of continuous daily publication. During the whole of this period, and in particular during the last few years, the responsibility of financial newspapers to an ever-increasing number of investors has been onerous and difficult. The ethics of financial journalism, which call for the highest integrity, considerable knowledge and a distinct technique, have always been maintained by your paper. I feel sure that under its present able direction the *Financial News* will enjoy continued prosperity."

There was also a congratulatory message from Mr. H. Lancelot Hill, President of the Institute of Chartered Accountants.

INCORPORATED ACCOUNTANTS' YEAR BOOK.

The Incorporated Accountants' Year Book for 1934 is now issued. It extends to 1,171 pages and contains the names of 6,151 members, of whom 5,075 are in England and Wales, 127 in Scotland, 158 in Ireland and 791 in the British Dominions, Colonies and foreign countries. There is an alphabetical list of members and firms and also a topographical list under the names of the cities and towns in which the members practise. Both of these lists contain also the names of firms, one or more of the members of which are Incorporated Accountants. Following the membership records are the Memorandum and Articles of Association of the Society and the Bye-Laws of the Council. Particulars are likewise given of the Branches, District and Student Societies, and of the Benevolent Fund, together with information as to the facilities afforded at Incorporated Accountants' Hall.

Society of Incorporated Accountants and Auditors.

COUNCIL MEETING.

A meeting of the Council was held at Incorporated Accountants' Hall on January 23rd, when there were present:

Mr. R. Wilson Bartlett, J.P., Vice-President, in the chair, Mr. W. Norman Bubb, Mr. R. M. Branson, Mr. H. J. Burgess, Mr. D. E. Campbell, Mr. Arthur Collins, Mr. W. Allison Davies, O.B.E., Mr. Frederick Holliday, Sir Thomas Keens, D.L., Mr. Edmund Lund, M.B.E., Sir James Martin, J.P., Mr. Henry Morgan, Mr. C. Hewetson Nelson, J.P., Mr. James Paterson, Mr. W. H. Payne, Mr. William Paynter, Mr. A. E. Piggott, Mr. R. T. Warwick, Mr. E. W. C. Whittaker, J.P., Mr. Richard A. Witty, Mr. F. Woolley, J.P., Mr. A. A. Garrett, Secretary, Mr. E. E. Edwards, Parliamentary Secretary, and Mr. J. R. W. Alexander, Standing Counsel.

Apologies for non-attendance were received from: Mr. E. Cassleton Elliott (President), Mr. Walter Holman, Mr. J. Stewart Seggie, Mr. Alan Standing, Mr. Percy Toothill, Mr. A. H. Walkey, and Mr. F. Walmsley, J.P.

THE LATE MR. ERNEST T. KERR (FELLOW), BIRMINGHAM.

Before proceeding to the business of the meeting, the Vice-President referred to the regretted death of Mr. Ernest T. Kerr (Fellow), Birmingham, who had been a member of the Council since 1927. The Council adopted a resolution of condolence with the widow and son of the late Mr. Kerr by rising in their seats.

SIR THOMAS KEENS.

The Vice-President offered the congratulations of the Council to Sir Thomas Keens upon an announcement in the New Year's Honours List that His Majesty the King would bestow upon him the honour of knighthood.

THE SOCIETY'S JUBILEE, 1935.

A Special Committee was appointed to consider arrangements for celebrating in 1935 the 50th anniversary of the foundation of the Society.

PROBATE COPIES.

A report was made of the new system, approved by the Lord Chancellor, now in force in the principal Probate Registry, whereby a number of copies of Probates and Letters of Administration can be obtained simultaneously instead of single copies as hitherto.

DEATHS.

The Secretary reported the deaths of the following members: Ernest Edward Broom (Fellow), London; Joseph Thomas Davidson (Fellow), Leeds; William Thompson Godfrey (Fellow), Exmouth; Arthur Greenlay (Associate), Grange-over-Sands, Lancs.; Thomas Grundy (Associate), Venezuela; Lucien Charles Jacob (Fellow), London; John Henry Kemp (Fellow), Liverpool; Ernest Tritschler Kerr (Fellow), Birmingham; James Francis Lambert (Associate), Manchester; George James MacFarlane, C.M.G. (Fellow), Pietermaritzburg, S.A.; George William Milnes (Fellow), Leeds; Charles Richard Mitchell (Associate), London; Alfred Dencer Mole (Associate), Birmingham; William Arthur Sands (Associate), Bradford; Thomas William Sowerbutts (Fellow), Manchester; Albert Cyril Storey (Fellow), Dublin; Sydney Jonathan Tinner (Associate), Leigh-on-Sea; Charles Joshua Wilshire (Fellow), Langley Mill, near Nottingham.

SPECIAL MEETING OF THE COUNCIL.

The Vice-President (Mr. R. Wilson Bartlett) also presided at a special meeting of the Council, held on January 23rd.

Upon consideration of a report of the Disciplinary Committee, Mr. John William Clarke, of Thornaby-on-Tees (Associate), was excluded from membership of the Society.

Obituary.

We publish with regret the following notifications which have been intimated to the Society of Incorporated Accountants and Auditors.

ERNEST EDWARD BROOM.

The death is announced of Mr. Ernest E. Broom, F.S.A.A., of the firm of Messrs. Harper & Broom, Incorporated Accountants, London. After serving his articles and passing the necessary examinations he was admitted an Associate of the Society in January, 1904, and shortly afterwards a partner in the above firm. He became a Fellow of the Society in 1921 and at the time of his death he was 54 years of age.

JAMES FRANCIS LAMBERT.

Mr. J. F. Lambert, A.S.A.A., died on January 10th at the age of 50. Mr. Lambert was articled to the late Mr. T. Anyon, A.S.A.A., Manchester, and became a member of the Society of Incorporated Accountants and Auditors in 1907. Shortly afterwards he became Accountant to the Clayton Aniline Co., Ltd., and in the year 1912 he was appointed Finance Clerk to the University of Bristol. He returned to Manchester in 1920, and entered the service of the British Dyestuffs Corporation, Ltd., of which he was Secretary and Chief Accountant at the time of his death.

JOSEPH THOMAS DAVIDSON.

Mr. J. T. Davidson, F.S.A.A., of the firm of Messrs. Davidson & Verity, passed away on December 22nd last at the age of 68. Mr. Davidson became an Associate of the Society in 1899 and was advanced to Fellowship in 1907. He had been in practice as an Incorporated Accountant in Leeds for many years, first under his own name and later in partnership with Mr. C. Verity, A.S.A.A. Mr. Davidson held several public appointments in Leeds and district.

CHARLES JOSHUA WILSHIRE.

Mr. C. J. Wilshire, F.S.A.A., died on Christmas Day last at the age of 68. He was admitted a member of the Society in 1894 and for some years practised in Derby as a partner in the firm of Messrs. Wilshire Brothers. Subsequently he accepted an important appointment in connection with Mercantile Accountancy. Mr. Wilshire was well known in his district as a Freemason and as President of the Rotary Club.

GEORGE WILLIAM MILNES.

Mr. George William Milnes, F.S.A.A., died at Leeds on January 1st, at the age of 66. Mr. Milnes was elected an Associate of the Society of Incorporated Accountants and Auditors in 1904, and a Fellow in 1922. About 44 years ago he joined the firm, Pickard, Crosland & Co., as a clerk, and subsequently became the sole proprietor of the practice.

STATUTORY RECOGNITION OF ACCOUNTANTS IN GERMANY.

The following is an extract from a letter written to Mr. Garrett, the Secretary of the Society of Incorporated Accountants and Auditors, by Dr. Wilhelm Voss (who, it may be remembered, was one of the German Delegates at the recent International Conference of Accountants in London) relating to the statutory recognition of "Wirtschaftsprüfer":—

The supplementary law to the German Commercial code (Companies Act) of September 19th, 1931, enacted as a statutory requirement, that all limited companies with a capital of more than 3 millions must have their annual accounts (balance sheet and profit and loss account) audited. Under the Decree of the Imperial Government of December 22nd, 1932, this requirement was extended to all limited companies with an ordinary share capital of more than 500,000 RM. A later Decree of the Imperial Government has added a further requirement: that these audits of the annual accounts must be carried out only by professional, publicly appointed Wirtschaftsprüfer. The designation "Wirtschaftsprüfer" is the technical word, and can only be used by those who have been publicly appointed as Wirtschaftsprüfer. At the same time this profession of Wirtschaftsprüfer has been regulated on principle by a Decree of the Imperial Government in conformity with the regulations current in the separate States of the Reich. In this category are included individual persons as Wirtschaftsprüfer, and companies carrying on the business of Wirtschaftsprüfer.

An extract from a later Decree is given in the following notice which appeared in the German Magazine *Der Wirtschaftsprüfer*:—

STATUTORY PROTECTION OF THE PROFESSIONAL DESIGNATION "WIRTSCHAFTSPRÜFER."

The Imperial Government, on December 18th, issued a Decree for the Amendment of the Commercial Code (No. 143, Year 1933, Part I, S.1080), an extract from which is as follows:—

"In paragraph 147

(A fine not exceeding 200 marks, and in case of inability to pay, imprisonment, shall be the penalty of any person:

1. . . .
2. . . .
3. . . .)

A sub-section 3 (a) is inserted as follows:—

"who, without being publicly appointed as a Wirtschaftsprüfer, designates himself Wirtschaftsprüfer or adopts a similar designation or who acts as agent of a company which uses a designation referring to the business of a Wirtschaftsprüfer, unless the Company has been entered on the register maintained by the competent authority of companies carrying on the business of a Wirtschaftsprüfer."

It is further provided that this amendment of the law shall come into force on the day of the announcement of the Decree, i.e., on December 19th, 1933.

DEFINITION OF WIRTSCHAFTSPRÜFER.

A "Wirtschaftsprüfer" is a publicly appointed sworn expert who, as a member of a free profession,

undertakes Wirtschaftsprüfungen, especially the statutory compulsory audits. He conducts his practice in a professional manner, to the exclusion of all commercial activities. He is appointed through the State government on the basis of an agreement concluded with the States under written direction of the Imperial government. The appointment is valid for the whole German Empire.

The conditions for appointment of Wirtschaftsprüfer are that the candidate must—

1. Be of good financial standing.
2. Prove that his personality is especially suitable.
3. Be at least 30 years of age.
4. Show six years' practical business experience, at least three years thereof being occupied in auditing.
5. Take a professional examination in which is included knowledge of the law pertaining to the profession, and more especially sufficient professional knowledge.

Correspondence.

SOLICITORS ACT, 1933.

To the Editors, *Incorporated Accountants' Journal*.

DEAR SIRS,—In the lecture by Mr. R. A. Witty, published in your December issue, it states at the bottom of column 1 on page 86, that unless the rules are amended or altered in any way, they will have statutory effect as from January 1st, 1934. We have been in communication with the Law Society and understand that this is not the position; the rules have yet to be approved by the Master of the Rolls, and it is unlikely, we are informed, that his approval will be given before July 1st, 1934.

It appears that it will be at least six months after such approval has been given before the rules will actually come into force.

Having regard to the statements appearing in the professional journals on this subject, we feel that this information may be of some interest to your readers.

Yours faithfully,

TOWNSEND, WATSON & STONE.

London, January, 1934.

ACCOUNTANCY RESEARCH.

To the Editors, *Incorporated Accountants' Journal*.

SIRS,—At a lecture recently delivered by Lord Melchett before the London and District Society, the question of research found a place in the discussion. His Lordship suggested that the responsibility for instituting opportunities for research rested with the profession. It therefore seems desirable that professional accountants should consider this question more deeply than perhaps has hitherto been their wont. Many distinguished accountants have contributed to our professional knowledge, but so far there does not appear to have been any attempt at organised research, a development of fundamental importance in the field of scientific enquiry.

That this matter is attracting attention is evidenced by a lecture by Sir Leonard J. Coates in October last on "The Future of the Profession," in the course of which he said: "I suggest that there is a growing need for the organisation of research and for the formulation of authoritative views as the result of such research."

There are no doubt many difficulties to be confronted in the deliberation of this subject which would make it presumptive to suggest a course of action, but now that the question of research has been put forward it is to be hoped that it will not be allowed to remain unexamined.

Yours faithfully,

F. SEWELL BRAY.

London, January, 1934.

TAXATION OF REGISTERED COMPANIES IN GERMANY.

To the Editors, *Incorporated Accountants' Journal*.

SIRS,—The following notes may possibly be of interest :

On pages 52-54 of the November publication of the *Incorporated Accountants' Journal*, a brief consideration was given of the main taxes levied in Germany ; it might, however, not be out of place to mention that credit notes have been issued in respect of certain of the taxes.

The citizen or company who paid between October, 1932, and October, 1933, those taxes falling due during that period, which weighed especially heavily on industry, viz :—

- (1) Umsatzsteuer ;
- (2) Gewerbesteuer :
 - (a) Gewerbeertragsteuer ;
 - (b) Gewerkekaptalsteuer ;
 - (c) Lohnsummensteuer ;

(b and c are alternative)

(3) Grundvermogensteuer (State and Municipal); was to receive for 40 per cent. of them instead of a receipt, a taxation credit certificate bearing a premium in the form of 4 per cent. interest.

These certificates were to be issued to a total of 1,500,000,000 R.Mks., and their recipients could either use them to pay their taxes between 1934 and 1938, or raise money on them.

In the first event they might use the certificates to a fifth of their face value in each of the five years—that is, the holder of a 1,000 R.Mks. certificate could in 1934 use it to pay 200 R.Mks. of his taxes plus 4 per cent. interest, receiving in return a new certificate for 800 R.Mks. for presentation in 1935, and so on.

These certificates were to be negotiable on the security market, and the Reichsbank and other banks would advance money on them.

Further information is given in full in "Der Stener-gutschein," published by "Der Betriebswirt G.m.b.H. Berlin," .50 R.Mks., and "Die Belegung der Wirtschaft," by Dr. Koppe, published by Spaeth and Linde, 1.25 R.Mks.

Yours faithfully,

C. BERNARD HILL.

London, January, 1934.

Mechanical Accounting.

The paper on "Mechanical Accounting," printed in our issue of September last, contained the statement that Powers machines cannot be rented, but must be purchased either outright or on hire purchase. The manufacturers of these machines desire us to point out that Powers machines can be rented as well as hire-purchased or purchased outright.

They also claim that the listing speed of their machines is the same as the tabulating speed, which varies from 4,500 per hour to 7,200 per hour, according to requirements.

Society of Incorporated Accountants and Auditors.

EXAMINATION RESULTS IN SOUTH AFRICA.

OCTOBER-NOVEMBER, 1933.

Final.

Alphabetical Order.

CLOTHIER, GEOFFREY EDWARD, Clerk to E. Clothier (Clothier & Thornton-Dibb), Royal Exchange Buildings, Smith Street, Durban.

DARKE, ALVERSTONE WARNER, Clerk to D. P. C. Blair, 23, Aegis Building, Loveday Street, Johannesburg.

FRANKS, ERNEST EDWARD, B.A., Clerk to E. R. Syfret and Co., Wale Street, Cape Town.

GREEK, SAM, Clerk to Levy & Co., 106, Adderley Street, Cape Town.

KANE, ARNOLD, Clerk to Lamb, Lawrie & Sinclair, North British Buildings, Simmonds Street, Johannesburg.

LOCKE, GEORGE CECIL, Clerk to Price, Waterhouse, Peat and Co., Pretoria Building Society Chambers, 257, Pretorius Street, Pretoria.

WILLIAMS, LIONEL WALTER, Clerk to Price, Waterhouse, Peat & Co., 10-14, Standard Bank Chambers, Johannesburg.

(19 Candidates failed to satisfy the Examiners.)

Intermediate.

Alphabetical Order.

ADAMS, ARTHUR DIXEY, Clerk to H. E. Mattinson (Mattinson, Norden & Tod), 36-41, Salisbury House, Smith Street, Durban.

BROWN, KENNETH COVENTRY, Clerk to N. E. O. Jones (Jones & Tayler), Chancery Lane, Smith Street, Durban.

CHALMERS, ROBERT JOHN, Clerk to E. V. Buchanan (Roberts, Allsworth, Cooper Brothers & Co.), 89, Stanley House, Commissioner Street, Johannesburg.

DOWDLE, PHILIP JOHN, Clerk to D. P. C. Blair, 23, Aegis Building, Loveday Street, Johannesburg.

FERNAU, RODERICK LEWIS, Clerk to G. E. D. Orpen (E. R. Syfret & Co.), corner Wale and Burg Streets, Cape Town.

FRANK, SOLLY, Clerk to Ise Levy (Levy & Co.), 106, Adderley Street, Cape Town.

HEWITT, JOHN FRANCIS, Clerk to J. R. Wootton, P.O. Box 253, Benoni.

HITGE, CLARENCE, B.A., Clerk to J. H. Dreyer (M. Dreyer and Co.), Lawley's Building, Fox Street, Johannesburg.

KARRO, ISAAC, Clerk to J. Hoffman, Fletcher's Chambers, Darling Street, Cape Town.

KEY, EDMUND ASTON, Clerk to A. J. T. Goldby (Goldby, Panchaud & Webber), Beresford House, 86, Main Street, Johannesburg.

KIRBY, PHILIP JOHN ROYDEN, Clerk to J. D. M. Philip (Price, Waterhouse, Peat & Co.), Provident Building, Pretoria.

KOSSUTH-SIERADZKI, FREDERICK FRANCIS, Clerk to P. A. M. Hands (Hands & Shore), 106, St. George's Street, Cape Town.

LOSEBY, GEORGE CHARLES ASHDOWN, Clerk to G. Hadfield (Douglas Low & Co.), 32, Fletcher's Chambers, Longmarket Street, Cape Town.

MACKAY, HARRY ANGUS, Clerk to P. E. T. Whiteley (Whiteley Brothers), Beresford House, Main Street, Johannesburg.

MARSHALL, HUGH ARTHUR, Clerk to A. N. Smith (Deloitte, Plender, Griffiths, Annan & Co.), 201, Consolidated Building, Fox Street, Johannesburg.

O'CONNOR, JOHN HENRY, Clerk to O. W. Compton (Compton & Horne), Colonial Mutual Life Buildings, West Street, Durban.

POWRIE, JOHN DUNCAN, Clerk to J. G. Carter (Alex. Aiken & Carter), National Bank Buildings, Simmonds Street, Johannesburg.

REYNOLDS, FREDERIC WELLES, Clerk to W. B. Gurney (Gurney, Noteutt & Fisher), London & Lancashire House, 148, St. George's Street, Cape Town.

SETCHELL, BASIL ROY CURTIS, Clerk to F. G. W. Tucker (Carruthers, Tucker & Higgerty), 901 to 910, Shell House, Rissik Street, Johannesburg.

(16 Candidates failed to satisfy the Examiners.)

Preliminary.

Alphabetical Order.

ACHESON, GEORGE, 11, Seventh Avenue, Parktown North, Johannesburg.

BEREND, LOUIS BASIL, Clerk to W. Murray Smith and Berend, 378-380, Smith Street, Durban.

CORBISHLEY, ALAN THOMAS, 3, Ridge Road, Durban.

(2 Candidates failed to satisfy the Examiners.)

Changes and Remobals.

Mr. J. H. B. Chadborn, Incorporated Accountant, has commenced to practise at 86-88, Queen Victoria Street, London, E.C.4.

Mr. H. I. Godfrey, Incorporated Accountant, practising as Godfrey, Laws & Co., at 10, Cardiff Road, Luton, and Belmont Road, Uxbridge, has admitted into partnership Mr. Leslie D. King, Incorporated Accountant, who has been in his service since 1915. The style of the firm will remain unaltered.

Mr. T. G. Green, Incorporated Accountant, of 37, Saddler Street, Durham, has admitted into partnership Mr. George Minto. They will practise under the style of Green & Minto at the same address.

Mr. Wilfred P. James, Incorporated Accountant, has commenced to practise at 9, Princess Square, Plymouth.

Mr. Robert J. Kidney, 12-14 College Green, Dublin, announces that he has taken into partnership Miss Anne Macnamara. The name of the firm will be changed to Robert J. Kidney & Co., Incorporated Accountants.

Mr. George R. Lawson, Incorporated Accountant, has entered into partnership with Mr. M. S. Walker, Chartered Accountant. They will practise under the style of Lawson and Walker at Palmerston Buildings, 5, Manor Row, Bradford.

Mr. H. Lomax, Incorporated Accountant, announces that the practice formerly carried on by the late Mr. T. W. Sowerbutts, F.S.A.A., will be carried on in future by him at 83, Bridge Street, Manchester.

The firm of Pickard, Crosland & Co., Victoria Chambers, South Parade, Leeds, of which the late Mr. G. W. Milnes, F.S.A.A., was the sole partner, is now being carried on by Mr. Harold D. Bean, who has been associated with the firm for the past 28 years, and Mr. John J. Penny, Incorporated Accountant, who served his articles with Mr. Milnes and was connected with the firm for eight years.

Messrs. C. Herbert Smith & Russell, Chartered Accountants, announce that they have removed their offices to Eden Place Chambers, 71, Edmund Street, Birmingham, 3.

Professor Carr-Saunders on Professional Organisation.

At a luncheon of the Incorporated Accountants' London and District Society, given in Incorporated Accountants' Hall, on January 3rd, Professor A. M. CARR-SAUNDERS, M.A., who was the principal guest, gave an address on "Professional Organisation," Mr. JOSEPH STEPHENSON, O.B.E., the Chairman of the London and District Society, presiding.

The toast of "The King" having been duly honoured,

The CHAIRMAN, in proposing the toast of "Our Guests," said he believed this was the first time that they had had a similar gathering in their own home. To their guests that day they extended a most hearty welcome, and they were naturally very pleased to see those members of the London and District Society who were present. He would like to congratulate two of their guests: first, Mr. Arthur Eborall, the Chief Inspector of Taxes at the Board of Inland Revenue. (Hear, hear.) It was hardly necessary to say that the spirit which existed between themselves and the Inland Revenue was of the very friendliest description. Coming to their own members, although he knew that this was to be the subject of a speech later on, he must congratulate very heartily Mr. Thomas Keens. (Applause.) Mr. Keens was, he believed, the first Chairman of the London and District Society. Mr. A. A. Garrett had also been honoured and was now a Member of the Order of the British Empire. (Applause.) They had many influential guests present and they were extremely pleased to see them, but their principal guest was Professor Carr-Saunders, who had been good enough to come there at some personal inconvenience, because he had recently undergone an operation and was not feeling particularly well. Professor Carr-Saunders probably needed no introduction from him, as he was a public man and one who had written a book on "The Professions," which many of those present perhaps had read. Personally, he had read only part of it. Professor Carr-Saunders was going to speak that day to them on the subject of "Professional Organisation." Without any further words he would give them the toast of "Our Guests," coupled with the name of Professor Carr-Saunders.

Professor A. M. CARR-SAUNDERS, M.A., J.P., in reply to the toast, said it would be mock modesty on his part to pretend to be unaware that the invitation to lunch with them that day was due to the fact that, in collaboration with a colleague, he had written a book on the professions, which, of course, included accountancy. It was not for him to say whether the book was good or bad, but he thought he might be permitted to comment on its reception. Apart from questions of praise or blame, it was only in professional circles and among professional men that it had aroused interest. No reviewer who was not a professional man had shown any interest in the problem or any appreciation of the importance of professionalism. They could not make out why anyone should write a book on the subject.

That fact, he ventured to suggest, was very significant. If they studied the social and economic histories of the last hundred and fifty years, they would not find any mention of the rise and organisation of the professions. But if the professions were omitted, how could the story be understood? The increase of population was one of the great features of the epoch and the increase was largely due to the decline in the death-rate. But it was not enough to say that medical science was advancing;

there had to be a skilled and organised profession of doctors to apply the science for the benefit of the people. The doctors were a necessary link in the chain. Nevertheless, there was nothing in the ordinary histories about the transformation of the medical profession. So, too, industrial progress depended, not only on advances in science, but also on the engineers who applied it; and, again, large-scale commercial organisation would be impossible without accountants. But in the history books, just as there was nothing about the reorganisation of the medical profession, so there was nothing about the rise of the professions of engineering and accountancy.

What was the significance of that neglect so far as the present and the immediate future were concerned? It meant that there was widespread failure to understand to what an extent the day-to-day functioning of modern society depended upon the continued application of those specialised techniques, the possession of which were the distinguishing marks of the professions. Therefore, professional men did not exert the influence to which their importance entitled them. But that was not all. Potentially, professional men were more than important links in the chain, more than skilled servants of society. Let them look at the matter in this way. The greatest problem of democracy was to ensure that due weight was given to the expert in the formulation and execution of policy. But what sort of expert? There was often something futile about the efforts of the man of pure learning to advise on practical matters. He might know what could be done theoretically, but not what could be done in practice. The professional man could and should form the bridge between knowledge and practice. He had one foot in the world of learning, for he was the pupil of the academic man; he had the other foot in the world of affairs, where he earned his living. He knew, or should know, how much and in what way theoretical possibilities could be put into practice. The physiologist, for example, might know much about conditions theoretically desirable for health; the doctor did or should know how far and by what sort of legislation those conditions could be made to prevail. That was what he (the speaker) meant when he said that professional men were more than skilled servants of the public. The public did not know where, when or how professional skill could come to its aid. It was for the professions, not only to perform technical services, but also to advise the place, time and manner of their performance.

He was not suggesting that the expert should rule; it was a fortunate thing that when, at the end of the eighteenth century, the expert came in, the autocrat went out. The expert as autocrat would be unbearable. He was only suggesting that the tremendous problems of the day and of the future would only be solved if the experts were drawn into consultation and that, among experts, professional men were especially well placed to advise and to assist in a constructive capacity. But that would not happen unless and until the characteristics and importance of professionalism were far more widely recognised than they were at present. How the importance of the professions was to be enhanced was too big a matter for him to deal with as a whole. What he proposed was to take two problems of professional organisation which were among the many that must be solved if the professions were to play their part.

The first was that of professional education. He held that universities should be schools of professional training. He did not say that that was the purpose for which universities existed. They existed to study certain basic fields of knowledge. The connection with professional training was incidental. It came about in

this way. A profession was a vocation based upon an intellectual technique which made it possible to render certain specialised services. When, in order to acquire the technique, it was necessary to study a basic subject, then professional education was properly given in a university. Thus, physiology and jurisprudence were basic subjects; doctors must study the one and lawyers the other, and thus medical and legal education rightly found their places in universities.

He was well aware that his view was heresy to most of his academic colleagues. He would remind them that during the middle ages, the greatest days of the universities, the universities were pre-eminently schools for the training of such professions as then existed. He would ask what it was supposed that young men of twenty-two or thereabouts were going to do if they were not at that age fitted to play some definite part. He would suggest that, if they realised the importance of professions in the modern world, they would be glad to have would-be entrants under their care. But he could not elaborate his defence for his heresy there. He wanted to make some reference to the special problem of the relation of universities to education for accountancy.

To the great detriment of the universities, would-be entrants to the profession of accountancy seldom became university students. So far as there was formal education, it took the shape of text books and correspondence colleges—this, he believed, to the detriment of the profession. If they were to come to universities, they must study some basic subject which was properly cultivated in universities. And what was that? He suggested that it was the history and present form of social and industrial structure illuminated by economic and other analysis. So far as the pure technique of accountancy was concerned, he saw no difficulty in or objection to its being taught within the university, just as medical students learnt much that was pure technique. Accountants also needed supervised practical experience, just as doctors needed hospital experience. There was, indeed, positive advantage in keeping, so far as possible, the theoretical and technical education under the same auspices, because the one illuminated the other. What he was proposing was not merely the widening of the scope of education for accountancy; that could be accomplished by establishing special professional schools. He was also proposing that professional education should be within the university, one of the great advantages of which was that men preparing for many different careers mixed together—itsself an experience that was stimulating.

What difficulties there might be in the way of the realisation of that programme on the side of the profession he was not competent to say. He knew what the difficulties were on the side of the universities, and they were not negligible. The universities were no more alive to their possibilities of constructive association with modern problems than were the professions. They had abrogated any claim to leadership; they were content to do the day's work that might be set before them. If things were otherwise, one of the first steps they would take would be to try and bring entrants to accountancy within their walls. But, if that were to come about, accountants would have to knock on the gates and demand admittance. Some professions had done that with success—architects, for instance, and in later years surveyors, as the establishment of a course in Estate Management at Cambridge bore witness. Might he express the hope that accountants would set about to force their way in, and would demand that the universities should cater for them in the manner he had described?

The second matter about which he wished to say something was the form of professional organisations. He approached that subject with some trepidation because, being an outsider to the profession, it might appear that he was dealing with a matter about which he could not be properly informed. All he could say in defence was that an outsider, who looked impartially at all the professions, might perhaps see some points more clearly than a member of any one profession. Broadly speaking, two forms of organisation were possible, which he would call free and regulated. By regulated he meant the setting up by the State of a register of those with special competence who alone were allowed so practise. It was very important to observe that, with the exception of the barristers, regulated professions lost, in some degree at any rate, their autonomy, because the power of determining whose names should be placed on the register and whose should be retained upon it was withdrawn, in whole or in part, from the profession.

Loss of autonomy was a serious matter. If they looked at the history of the professions and their condition to-day, he thought there was no doubt that the most vigorous professions were those which had to struggle continuously to maintain their status—those, in fact, which were not protected or regulated. Moreover, regulated professions lost control over their education and their ethics because when the State set up a register it took upon itself, in whole or in part, the power to say what standard of education admitted to, and what conduct disqualified from registration. Therefore, those two important functions being withdrawn, little was left to the organised profession except protective functions. The position was well illustrated from the medical profession.

Therefore, regulation by the State was not to be sought for as an end in itself. But it was sometimes necessary to regulate professions in the public interest. In this country professions were regulated when the services rendered were vital or fiduciary in a marked degree, when they might be required not merely by informed clients but by the man in the street, and when the need for professional services might arise at any time. Those conditions were fulfilled in the cases of the group of medical and allied professions and of the group of legal professions. In this country certain professions, the merchant navy for example, were also regulated, but on somewhat different grounds: those of personal public safety. Beyond that point we had not gone in the way of State regulation.

There was general agreement, he believed, that those professions now regulated should remain regulated. If the State did not put its hall-mark upon competent doctors and dentists, the ignorant man in the street would fall into the hands of quacks when in need of a vital service. On the other hand, he did not believe that a case had been made out for regulating any other profession, such as engineering or surveying or chemistry, with the possible exception of accountancy. They were better acquainted than he was with the pros and cons of that matter. But for his own part, he believed that the weight of evidence given before the Departmental Committee on the Registration of Accountants was in favour of regulation, and he regretted that the Committee was so impressed by certain unavoidable difficulties that it did not report in that sense. It was clearly a nicely balanced problem, but he would justify regulation on the grounds that the service of their profession was fiduciary, that in a sense public safety was involved, and that the services of the accountant were being sought by an ever-widening circle of clients.

In conclusion, he wished to say a word about the most desirable form of regulation when the case for regulation had been made out. In this country we had experimented with every possible mode of State regulation, and therefore we could compare the results of the various experiments. In one anomalous case, that of the Bar, the State had permitted the profession to erect what was virtually its own register and to admit and to exclude persons from it as it wished. In his opinion, the result of that experiment made it undesirable that it should be copied. There was no safeguard against narrowness of outlook. At the other extreme, in some cases—that of the merchant navy for instance—the State maintained entire control, which it operated through a Government Department, in that example the Board of Trade. But that was to treat a profession as though it was incapable of responsibility and as though the problem of professional regulation was analogous to that of licensing taxi-drivers. Between those two extremes there were various methods of giving a profession some degree of autonomy. A bad example of the intermediate system, in his opinion, was that ruling in the case of solicitors. The degree of freedom accorded to solicitors was precisely set out in Statutes, with the result that the system had no flexibility. The best method was the establishment of a special or *ad hoc* body to which full powers were given, and upon which were represented the profession, the public, and the universities. Of that sort of special body the General Medical Council was an example, though in his opinion its constitution was far from perfect, the public and the profession being under-represented and the universities over-represented.

What he wanted to suggest, in conclusion, was that, should the problem of regulation in their profession arise again, and should regulation be decided upon, advantage should be taken of their experience of various modes of enforcing regulation. If a special body were set up and adequate professional representation upon it ensured, then the profession remained in part responsible for its education and ethical code. If the universities were brought in, he ventured to suggest, expert assistance in the matter of education was made available, and the place of the universities as schools of professional training was recognised. Finally, the inclusion of representatives of the public ensured that the point of view of the clients was not left without a hearing.

The CHAIRMAN said that before the next speech he would like to propose a very hearty vote of thanks to Professor Carr-Saunders for his most interesting talk.

The vote of thanks was carried with acclamation.

Mr. E. CASSLETON ELLIOTT, President of the Society of Incorporated Accountants, proposed the toast of "Mr. Thomas Keens, D.L.," and congratulated him upon the honour of a Knighthood which was to be conferred on him by His Majesty. Mr. Keens acknowledged the toast and thanked the members of the District Society for their congratulations.

Those present included the following:—

Mr. E. Cassleton Elliott (President of the Society of Incorporated Accountants and Auditors), Mr. E. A. Eborall, C.B.E., Sir James Martin, Mr. Thomas Keens, Mr. W. G. Hislop, Mr. R. Wilson Bartlett (Vice-President of the Society of Incorporated Accountants and Auditors), Mr. F. Greenwood, Mr. Henry Morgan, Mr. A. E. Watson, C.B.E., Mr. Thomas Quayle, D.Lit., Mr. Harold Barton, Mr. F. Whittingham, Mr. W. T. Mellows, LL.B., Mr. W. H. Coates, LL.B., Mr. J. R. W. Alexander, M.A., Mr. A. S. Allen, Mr. B. W. Antoine, Mr. R. Ashworth, Mr. E. Baldry, Mr. H. F. O. Bence, Mr. E. Boond, Mr. F. Sewell

Bray, Mr. R. G. Buchan, Mr. H. J. Burgess, Mr. F. W. Buzzacott, Mr. R. B. T. Castle, Mr. E. W. E. Chapman, M.A., Mr. H. Epton Chapman, Mr. R. W. L. Clench, Mr. E. C. Coleman, Mr. H. E. Colesworthy, Mr. A. Collins, Mr. F. L. Cooke, Mr. M. Daphne, Mr. J. B. De Fonblanque, Mr. J. C. Fay, Mr. W. J. Freeman, Mr. W. P. Fuller, M.A., Mr. A. Hannah, Mr. G. Hecht, Mr. C. B. Hewitt, Mr. C. A. G. Hewson, Mr. Walter Holman, Mr. W. J. Holman, Mr. A. G. Huson, Mr. A. V. Huson, Mr. John James, Mr. F. G. Jenkins, Mr. F. M. Jenkins, Mr. G. M. Jennings, Mr. P. G. Jones, Mr. R. N. W. Laing, Mr. H. R. C. Lillywhite, Mr. J. R. Maskell, Mr. D. F. Middlemiss, Mr. J. J. Middleton, Mr. H. A. Mourant, Mr. W. E. Mullen, Mr. R. F. Noble, Mr. W. E. A. Norman, Mr. G. O. Parsons, Mr. H. W. Payne, Mr. E. H. Payton, Mr. W. A. Pearman, Mr. G. Roby Pridie, Mr. J. W. Ramsbottom, M.A., Mr. J. Scott-Moore, Mr. A. F. Sharp, Mr. C. T. Skilbeck, Mr. H. L. P. Smith, Mr. S. H. Smith, Mr. O. Stallwood, Mr. W. Strachan, Mr. W. G. Strachan, Mr. R. R. Tait, Mr. R. J. Tooley, Mr. H. Vernon, Mr. R. T. Warwick, Mr. N. E. Wates, Mr. A. H. Watkins, Mr. E. J. Webber, Mr. C. E. Wells, Mr. A. W. Welton, Mr. E. S. Westman, Mr. R. A. Witty, Mr. F. R. Witty, and Mr. A. A. Garrett, M.A., and Mr. E. E. Edwards, B.A., Secretaries.

Society of Incorporated Accountants and Auditors.

MEMBERSHIP.

The following promotions in, and additions to, the Membership of the Society have been completed since our December issue :—

ASSOCIATES TO FELLOWS.

CLARKE, WILLIAM ROBERT (J. A. Kinnear & Co.), Provincial Bank Chambers, 3 and 4, College Street, Dublin, Practising Accountant.

DAVIS, REGINALD (Walter Johnson & Partners), 28, High Street, Swindon, Practising Accountant.

HAKIM, GORDON JAMES (Clements, Hakim & Co.), Greenwich House, 10 to 13, Newgate Street, London, E.C.1, Practising Accountant.

LLOYD, CHARLES YATES (C. Yates Lloyd & Co.), 2, Cooper Street, Manchester, Practising Accountant.

MCCONNELL, FRANK CARLETON (Deloitte, Plender, Griffiths, Annan & Co.), 201, Consolidated Buildings, Johannesburg, South Africa, Practising Accountant.

PRATT, ARTHUR JAMES SIDNEY (Howard Morris & Crocker), 102, Victoria Road North, Portsmouth, Practising Accountant.

RAINES, EDWARD (Moss & Williamson), Booth Street Chambers, Ashton-under-Lyne, Practising Accountant.

SINCLAIR, ROBERT BALDERSTON, North British Buildings, Simmonds Street, Johannesburg, Practising Accountant.

SUTTON, THOMAS HAGUE (E. B. Griffiths & Co.), 152, Lord Street, Southport, Practising Accountant.

TAYLOR, FREDERICK HORACE (Jennings, Taylor & Co.), Premier House, 150, Southampton Row, London, W.C.1, Practising Accountant.

VICCAJEE, VICTOR FRAMJEE, B.A. (S. R. Batliboi & Co.), 1B, Old Post Office Street, Calcutta, Practising Accountant.

WALLIS, STANLEY IVAN, 3, King John's Chambers, Bridlesmith Gate, Nottingham, Practising Accountant.

ASSOCIATES.

BAKER, GEORGE ALFRED, Clerk to Carpenter, Arnold & Turner, Midland Bank Chambers, 153, North Street, Brighton.

BARCLAY, HENRY GEORGE, Clerk to Deane & Thresher, S.A. Mutual Buildings, Hoffman Square, Bloemfontein, South Africa.

BARHAM, LESLIE JOHN, Clerk to Matthews, Wiseman & Co., 42-44, Broadway, London, S.W.1.

BURROW, KENNETH (C. Wain & Co.), 7 and 8, Osborne Buildings, 91, Kirkgate, Bradford, Practising Accountant.

CLIFFE, NOEL, Clerk to Alban & Lamb, Barclays Bank Chambers, Newport (Mon.).

CRAIG, ALAN CAMPBELL, Clerk to Samuel Thomson & Young, Trust Buildings, Fox Street, Johannesburg, South Africa.

DAVID, THOMAS CARSTAIRS SINCLAIR, Clerk to Lamb, Lawrie & Sinclair, P.O. Box 1244, Johannesburg, South Africa.

EDWARDS, HUBERT JOSEPH, formerly Clerk to Walter Hunter, Bartlett, Thomas & Co., 24, Bridge Street, Newport (Mon.).

ENGINEER, KAIKHUSHROO SORABJI, B.Com., Clerk to K. S. Engineer & Co., Morabhooy Buildings, 45, Apollo Street, Fort, Bombay.

ESTRIN, MAURICE, formerly Clerk to J. Pearson-Griffiths, 10, Clarence Place, Docks, Cardiff.

HARDY, JAMES EDWARD, Clerk to Metcalf, McKenzie & Co., 32, West Sunnyside, Sunderland.

HARRISON, GEORGE PHILIP, Clerk to Stephenson, Smart & Co., The Broadway, St. Ives, Hunts.

HEWITT, PATRICK CHARLES, Clerk to Douglas Low & Co., North British Buildings, Commissioner Street, Johannesburg, South Africa.

JACKSON, CLIFFORD CAULTON, Clerk to J. Fleming Orr, Pratt & Mockford, 4-8, Trust Buildings, Fox Street, Johannesburg, South Africa.

JONES, WILFRED THOMAS, Clerk to J. W. B. Brown, Sara & Hill, Prudential Buildings, Corporation Street, Birmingham.

KAPLAN, LOUIS EDWARD, Clerk to H. Daniels & Henochsberg, 104, Commissioner Street, Johannesburg, South Africa.

LAWLER, JOHN JOSEPH, Clerk to Bretherton, Hurst & Co., 51, North John Street, Liverpool.

LE FEUVRE, EDMOND ERNEST CLAUDE, Clerk to E. R. Syfret & Co., Corner of Burg and Wale Streets, Cape Town, South Africa.

MOORE, EDWARD GUY, Clerk to James Stewart & Steyn, P.O. Box 2322, Johannesburg, South Africa.

MOSS, WILLIAM (Moss & Williamson), Booth Street Chambers, Ashton-under-Lyne, Practising Accountant.

OXLEY, ERNEST, Clerk to W. H. Shaw & Sons, 56, Westgate, Wakefield.

PAYNTER, ALICE MARY, Clerk to Spence, Paynter & Morris, 6, Wardrobe Place, Doctors' Commons, London, E.C.4.

POLLAK, EDGAR ROBERT, Clerk to Carruthers, Tucker & Higgerty, 29, Calcutta House, Loveday Street, Johannesburg, South Africa.

PUGH, FRANCIS STEWART ADLINGTON, B.Com., Clerk to Whiteley Bros., 76-84, Beresford House, Main Street, Johannesburg, South Africa.

ROWLAND, JOHN REID, Jnr., P.O. Box 202, Salisbury, South Africa.

TAYLOR, WILLIAM DENNIS, Clerk to Fitzhugh, Tillett & Co., 120, Moorgate, London, E.C.

THOMPSON, ROBERT WILLIAM ALAN, Clerk to Thomas Bell, Grey's Building, 53, Grey Street, Newcastle-upon-Tyne.

TURNER, ALEXANDER RONALD, Clerk to Hemphill, Anderson & Co., Yorkshire House, Corner of Rissik and Marshall Streets, Johannesburg, South Africa.

WIFFEN, HERBERT CHARLES, Clerk to Arthur J. Smith & Co., Gunnersbury Station Approach, Chiswick High Road, London, W.4.

YOUNG, SYDNEY WILLIAM WAYLAND, Clerk to Lamb, Lawrie & Sinclair, 31 to 36, North British Building, Commissioner Street, Johannesburg, South Africa.

PUBLIC AUDITORS

Under the Friendly and Industrial and Provident Societies Acts.

The Lords Commissioners of His Majesty's Treasury have appointed the following Incorporated Accountants to act as Public Auditors for Great Britain for the year ending December 31st, 1934, under the provisions of the Friendly Societies Act, 1896, and the Industrial and Provident Societies Act, 1893, viz:—

Acock, R. G., 69, London Street, Norwich; Wayland Hall, Watton, Norfolk.

Alban, F. J., C.B.E., Barclays Bank Chambers, Newport, Mon.

Alexander, J. H., City Chambers, East Parade, Leeds; 12, Gladstone Street, Cross Keys; York House, Blackwood (Mon.); Market Buildings, Ebbw Vale; 15, Commercial Street, Pontypool.

Alexander, N., Pantom House, 25, Haymarket, S.W.1.

Allen, H. J., 37, Surrey Street, Sheffield.

Amsdon, E. V., 22, Walbrook, E.C.4; 22, High Street, Hitchin; 18, High Street, Beckenham.

Anderson, L. A., 137, High Street, Brentwood.

Andrews, E., 12, Abbey Square, Chester.

Antoine, B. W., Opposite Broadway Stations, Ealing, W.5.

Armstrong, G. A., Bank House, 95, High Street, Lewisham, S.E.13; 58, Burnt Ash Lane, Bromley, Kent.

Armstrong, J., 22, Station Road, Workington.

Armstrong, J. W., Northern Assurance Buildings, 2, Collingwood Street, Newcastle-upon-Tyne.

Arnold, C., 27, Bodfor Street, Rhyl; 1, Record Street, Ruthin, Denbighshire; 22, Vale Street, Denbigh.

Arnold, F. V., Midland Bank Chambers, 153, North Street, Brighton; Midland Bank Chambers, 6, West Street, Horsham; Flint House, 44, South Street, Chichester.

Ashworth, W., 22, Nicholas Street, Burnley.

Atkins, J. R., 76, Derby Street, Macclesfield; 54, Lawton Street, Congleton.

Baines, J. V., Curry's Chambers, 115, High Street, Stockton-on-Tees.

Baker, W. B., 1, Silver Street, Berwick-on-Tweed.

Bardell, A. P., 36, Paradise Street, Birmingham.

Barker, A. E. S., 20, Church Street, West Hartlepool.

Barrowcliff, C. Percy, 55 and 57, Albert Road, Middlesbrough.

Bartfield, L., 91, Cookridge Street, Leeds.

Bartlett, R. Wilson, J.P., 24, Bridge Street, Newport, Mon.

Bayliss, L. M., Garlett House, Leighton Buzzard; Market Square, Buckingham; 45, South Street, Chichester; 2A, Central Buildings, Bognor Regis; 28A, Broadway, Littlehampton.

Bayliss, W. M., 16, Broad Street, Oxford.

Beer, W. W., 17, Bedford Circus, Exeter.

Benbow, L., 2A, Sheep Street, Northampton.

Benjafield, A. J., 28, Chamberlain Street, Wells, Somerset; 27, High Street, Glastonbury.

Bennett, C. H., High Holborn House, High Holborn, W.C.1; 49, Cranbrook Road, Ilford.

Bennett, H. O., 5, Opie Street, Norwich.

Bicker, H. J., Exchange Buildings, Upper Hinton Road, Bournemouth.

Binns, J., Exchange Buildings, Mirfield, Yorkshire.

Black, W. C., 147, High Street, Newport, I.O.W.; 17, King's Terrace, Southsea; 57, High Street, Ventnor (I.O.W.).

Blythen, S., O.B.E., Victoria Chambers, Long Eaton.

Bowen, G. B., 22, Wind Street, Swansea.

Braddy, C. W., 91, High Street, Winchester.

Bradley, E. R., 584, Christchurch Road, Boscombe.

Branson, R. M., Allen House, Newarke Street, Leicester.

Brazier, A. G., "Lavandra," Okehampton, Devon.

Brewer, A. H., 3, Wood Street, Queen Square, Bath.

Broadbent, J. W., 34, Kensington Road, Oldham.

Brodie, J. Paterson, Moor House, Moorland Road, Burslem.

Brodie, R. M., 29, Scale Lane, Hull.

Bromfield, J. H., The Burrage, Dingle Road, Pedmore, near Stourbridge.

Brown, E. T., Gresham Chambers, Lichfield Street, Wolverhampton; Barclays Bank Chambers, Bilston.

Bryant, A. C., 18, St. Augustines Parade, Bristol.

Buckle, C. D., 13, Cheapside, Bradford.

Buckley, A. N., Union Chambers, 45 and 47, Commercial Street, Halifax.

Bull, E., Bank Chambers, Devizes; 47, Market Place, Warminster.

Bullock, W., 94, Kingsholm Road, Gloucester.

Burgess, G. W., 14, St. Mary Axe, Leadenhall Street, E.C.3.

Bush, B., 18, Eldon Square, Newcastle-on-Tyne.

Butler, J., 66, Albion Street, Leeds.

Campbell, D. E., 79, Lichfield Street, Wolverhampton.

Carr, E. R., Stamford Bank Chambers, 10, Gallowtree Gate, Leicester.

Carr, W., 27, Regent Street, Barnsley.

Carter, E., County Chambers, King Street, Wakefield.

Cattell, W. C., Bank Chambers, High Street, Kettering.

Cessford, J. C., 23, Albany Street, Edinburgh.

Chadwick, A., 16, Bolton Street, Bury, Lancs.; 8, Garden Street, Ramsbottom, Lancs.

Chapman, J. A., 29, London Street, Fleetwood; 2, Burton Street, Middleton.

Charles, W. H., 3, Greenfield Villas, Llanely.

Claridge, C. E., 53, Well Street, Bradford.

Clark, W., County Bank Chambers, Bradshawgate, Leigh, Lancs.

Clarke, F. N., 4, Pavilion Buildings, Brighton; Town Hall Chambers, Horsham.

Clarke, S. W., 31, Castle Hill, Lancaster.

Clarkson, J. P., 16, Devonshire Square, Bishopsgate, E.C.2.

Clarkson, P. D. J., 14, Winckley Square, Preston; Kent's Bank Road, Grange-over-Sands, Lancs.

Clayton, W., Milton Chambers, Milton Street, Nottingham.

Clinch, S. H., M.B.E., 52, Bedford Row, W.C.1; Hurd's House, Broad Street, Seaford, Sussex.

Coates, F. W., 10, Albert Road, Middlesbrough; 5, The Crescent, Redcar.

Condie, J., 3, East Port, Dunfermline; 1A, Candleriggs, Alloa.

Coombs, T., Oxford Chambers, Victoria Square, Leeds.

Cooper, D., Old Colony House, South King Street, Manchester.

Couzens, J. V., 3, Victoria Crescent, Bradford Road Junction, Portsmouth; Lavant Street, Petersfield.

Cox, H. J., Cardiff Chambers, 4, Cardiff Road, Luton; 2, Vaughan Road, Harpenden, Herts.

Cozens, L. J., 8, East Stockwell Street, Colchester.

Crick, Miss F. G., Milton House, 38, Cowgate, Peterborough; 22, Station Street, Spalding; North Road, Bourne.

Crompton, W., 380-6, and 351-3, Produce Exchange, Hanging Ditch, Manchester.

Crowe, S. E., 39, Park Square, Leeds.

Crowther, E., 10, Regent Street, Barnsley.

Cryer, F. J., 5, Princes Square, Harrogate; Market Place, Ripon.

Cryer, M. P., Old Bank Chambers, Keighley.

Cunliffe, A. R., Station Buildings, 24A, Railway Street, Nelson.

Daffern, T. W., O.B.E., 19-20, High Street, Coventry; 16, The Parade, Solihull, Warwick.

- Davey, H., 1, Crown Court, Wakefield.
 Davies, O. W., Market Chambers, High Street, Kidderminster.
 Davies, Trevor, 160, High Street, Camden Town, N.W.1.
 Davies, Tudor, Wyndham House, Bridgend; Elias Road, Porthcawl.
 Davis, B. T., 110, Edmund Street, Birmingham.
 Davis, R., 28, High Street, Swindon.
 Dixon, F., National Chambers, 4, Horsefair Street, Leicester.
 Dudbridge, J. S., 8, Lansdown, Stroud, Glos.
 Dudbridge, S., 8, Lansdown, Stroud, Glos.
 Duncan, D. C. N., Barclays Bank Chambers, 55, High Street, Grantham.
 Dunlop, R. T., 45, Renfield Street, Glasgow.
 Duthie, R. S., 36, Lowther Street, Carlisle.
 Dyer, S. A., 5, Fenwick Street, Liverpool.
 Eaves, W., 47, Mosley Street, Manchester; County Bank Chambers, Chapel Street, Tyldesley.
 Ednie, A., 7, St. Paul's Square, Bedford.
 Edwards, A. H., 22, High East Street, Dorchester.
 Edwards, H., Cornhill Chambers, Christina Street, Swansea.
 Edwards, R. H., Bank Chambers, 26, Mosley Street, Newcastle-on-Tyne.
 Elliott, E. A., 18, Market Street, Heywood, Lancs.
 Entwisle, B., 8, Green Street, Radcliffe, Lancs.
 Evans, H. R., 17, George Street, St. Helens; Westminster Bank Chambers, Church Street, Prescott, Lancs.
 Evans, T. A., Ffrwd Offices, Mountain Ash.
 Fearnhead, J., 20 and 22, High Street, Chorley, Lancs.
 Feek, A. J., High Street, Pershore, Worcester.
 Feist, H. J. B., 44, Rectory Grove, Leigh-on-Sea.
 Ferneyhough, M. P., 6, Commerce Street, Longton, Staffs.; 13, Market Street, Hednesford, Staffs.
 Ferry, G. A., Prudential Chambers, 6-8, Bank Street, Carlisle.
 Ford, W. J., 28, Baldwin Street, Bristol.
 Forrest, L., Union Bank Chambers, Batley.
 Forster, H., County Chambers, 6, Chestergate, Macclesfield.
 Fortune, G. W., 26, Forrest Road, Edinburgh.
 Foster, S. E., 29, Bank Street, Ashford, Kent.
 Fox, F. W., 14, King Street, Leicester.
 Fox, W. H., Drury Chambers, Market Square, Northampton; Midland Bank Chambers, Bridge Street, Thrapston.
 Francis, S. L., Burlington Chambers, Union Street, Swansea.
 Freeborough, J. H., J.P., 25, Figtree Lane, Sheffield.
 Friend, A. H., 15, Alexandra Place, Newbridge, Mon.
 Fry, F. W., 27, Clement's Lane, Lombard Street, E.C.4.
 Funnell, F. C., 104, Great Russell Street, W.C.1.
 Gair, R., Emerson Chambers, Blakett Street, Newcastle-on-Tyne.
 Gait, A., 1, The Foundry Bridge, Abertillery.
 Gardiner, G. F. H., Barclays Bank Chambers, Scarborough.
 Gardiner, H., 1A, Low Ousegate, York.
 Gardiner, H. T. Gore, Gore House, Cawley Road, London, E.9.
 Gerrard, R., 71 and 73, Lee Lane, Horwich, Lancs.
 Girling, A. F. J., Eldon Buildings, 20, Eldon Street, Barnsley.
 Goulding, E. S., O.B.E., 19, Sweeting Street, Liverpool.
 Gowen, H. P., 7, Queen Street, Norwich; The Square, Fakenham, Norfolk; 13, Market Place, East Dereham.
 Grassam, J., 32, Alliance Avenue, Anlaby Road, Hull.
 Greenhalgh, T., Clifton Chambers, 23A, Clifton Street, Blackpool; Williams Deacons Bank Chambers, St. Annes-on-Sea.
 Greenwood, A., Old Borough Chambers, 20, Bond Street, Dewsbury.
 Griffin, C. E. B., Corporation Buildings, Corporation Street, St. Helens.
 Griffin, G. R., 7-8, Union Street, Birmingham.
 Griffith, F., Westmorland Chambers, Kendal.
 Griffith, R. O., 44, Cannon Street, Preston; 40, Poulton Street, Kirkham.
 Grimwood, Lt.-Col. J., C.B., D.S.O., O.B.E., St. Stephens House, 2, Coleman Street, E.C.2.
 Groves, T. J., 14, Scarborough Street, West Hartlepool.
 Hackett, P. R., 36, Cannon Street, Birmingham.
 Hallett, A., Eleven, Hill Street, Wrexham, Denbigh.
 Hanson, F. W., Court Chambers, Jessop Street, Castleford, Yorks; Chapel Lane, Kippax.
 Hargreaves, F., Bow Chambers, 55, Cross Street, Manchester.
 Harper, F. C., 3-4, Clement's Inn, W.C.2.
 Harris, H., 4, Middle Pavement, Nottingham.
 Harrison, C. D., Messrs. John Porter & Harrison, 22, Birley Street, Blackpool; Messrs. John Potter & Harrison, 36, Wood Street, St. Annes-on-Sea.
 Harrison, H. C., 94, High Street, Stourbridge.
 Hayden, G. D., Market Place, Holt, Norfolk.
 Hayes, P. R., Midland Bank Chambers, High Street, Wrexham; Compton House, Corwen, Merioneth.
 Haywood, G. S., Purdy's Court, 84A, High Street, King's Lynn.
 Heatley, N. K., Temple Chambers, 33, Brazenose Street, Manchester.
 Henderson, A., 62, Cross Street, Fraserburgh.
 Henshall, J., 29, Eastgate Row North, Chester.
 Hepburn, A. E., Abford House, Wilton Road, Victoria Station, S.W.1.
 Hill, A. H., 8, Oxford Chambers, 12, St. Stephen Street, Bristol.
 Hirst, G. L., 8, Bond Street, Dewsbury.
 Hobbs, A. M., 64, Great Portland Street, W.1.
 Hodge, H., National Provincial Chambers, High Street, Kettering.
 Hodgson, T., 4, Piccadilly, Manchester.
 Holliday, C. A., First Avenue House, High Holborn, W.C.1.
 Hollows, R., 33A, King Street, Wigan.
 Holman, W. J., 11, Queen Victoria Street, E.C.4.
 Holmes, H., 45, Ropergate End, Pontefract.
 Holmes, J. T. L., Midland Bank Chambers, Colwyn Bay.
 Homersham, Miss M. M., 41, George Street, Baker Street W.1.
 Horsfield, A., Belgrave Place, 8, Manchester Road, Bury.
 Horsfield, H. A., Clough's Buildings, 21, Forster Square, Bradford.
 Hort, J. H., 202, Stanley Road, Bootle.
 Hubbard, F. L., 41, Havelock Road, Hastings.
 Hudson, T., 53, Well Street, Bradford.
 Hustwick, W., 70, Kirkgate, Bradford.
 Ingram, A. J., Central Buildings, West Sunnyside, Sunderland.
 Jack, W. H., 38, Bath Street, Glasgow.
 Jenkins, W. R. L., 71, Bridge Street, Newport, Mon.
 Jennings, F., Borough Chambers, Neath; The Cross, Pontardawe.
 Jessap, C. T., M.B.E., Old Post Office Chambers, Skegness.
 Johnson, A. J., 35, Southgate Street, Winchester.
 Johnson, E. W., Arcade Chambers, Wigan.
 Johnson, S., 5, Lower Temple Street, Birmingham.
 Johnstone, W., 13, Church Street, Kidderminster.
 Jones, E. Furnival, 4, Fenchurch Avenue, E.C.3.
 Jones, H. B., 5, Philpot Lane, E.C.3; 102, Queen Street, Maidenhead.
 Judge, W. A., High Street, Skipton.
 Keens, A. T., 45, High Street, Aylesbury, Bucks.
 Keens, Thomas, D.L., 11, George Street West, Luton; Greenhill Chambers, 2, St. Anne's Road, Harrow-on-the-Hill, Middlesex; 69, High Street, Stony Stratford, Bucks.; 60, High Street, Newport Pagnell, Bucks.; 15, Market Square, Buckingham; 4, Tilehouse Street, Hitchin.
 Kenyon, F. T., Midland Bank Chambers, Penrith; Main Street, Keswick.
 Keys, C., Athenæum Chambers, 71, Temple Row, Birmingham; 321, High Street, West Bromwich.
 Kilby, F. L., 1, Park Street, Brighouse, Yorks.
 King, G. C., 106, Edmund Street, Birmingham.
 Kirby, N. F., 48, Gainsborough Street, Sudbury, Suffolk.

- Kneale, H. E., St. George's Chambers, 1, Athol Street, Douglas, Isle of Man; Victoria Chambers, Parliament Street, Ramsey, Isle of Man.
- Lake, J., 9-12, Gower Chambers, Gower Street, Swansea.
- Lambert, W. E., Essex House, High Street, Stratford, E.15.
- Larder, C., Camomile Street Chambers, Bishopsgate, E.C.3.
- Larking, C. G., Invicta Chambers, Pudding Lane, Maidstone.
- Larking, R. C., Commercial Chambers, Orford Place, Norwich.
- Lashmore, C. S., 2, Church Street, Cardiff.
- Law, E. I., A. & E. Law & Co., Kingscourt, Bridge Street, Walsall; High Street, Northallerton.
- Lawson, G. R., Palmerston Buildings, 5, Manor Row, Bradford.
- Laycock, S., Barclays Bank Chambers, North Street, Keighley.
- Lazenby, H., Wilson's Chambers, 7, Greek Street, Leeds.
- Leah, H. B., 9, Warren Street, Stockport.
- Lec, F., 7, Balmoral Chambers, Cloth Hall Street, Huddersfield.
- Leech, W. L., 102, Friar Gate, Derby; Hall Place Chambers, Spalding; High Street, Uttoxeter.
- Lentell, C. I., Kingsway, Fore Street, Seaton, Devon.
- Ling, W. A. J., 3-4, Great Winchester Street, E.C.2.
- Liversidge, H. G., Imperial Buildings, Rotherham.
- Lloyd, J. T., 63, Fore Street, Trowbridge.
- Lloyd, W., Priory Buildings, Priory Street, Dudley, Wores.
- Lloyd-Roberts, J., Public Audit Offices, 2, Church Street, Carnarvon; "Cemlyn," Harlech, Merioneth.
- Lock, F. J., Northbank House, Clarendon Road, Watford.
- Lomax, H., 83, Bridge Street, Manchester.
- Lowe, J. T., Yorkshire Penny Bank Chambers, 7, Stricklandgate, Kendal, Westmorland.
- McCutcheon, R. T., 113, St. Vincent Street, Glasgow, C.2.
- McDonald, T. W., 98, Palmerston Road, Wood Green, London, N.22.
- Macintyre, A., 12, Barncluith Road, Hamilton.
- Mahon, F., 4-5, Oriental Chambers, Doncaster.
- Mair, A. J., 5, Frederick Street, Sunderland.
- Marshall, R. N., 109A, Mortimer Street, Herne Bay, Kent; Town Hall Chambers, Westgate-on-Sea, Kent; 83, High Street, Broadstairs; 1, Albion Road, Bournemouth.
- Mason, E. H., 9, Clarence Street, Cheltenham.
- Mawson, J. D., 51, Boileau Road, Ealing, W.5.
- Mayhew, W. O., 62, Oxford Street, W.1; Richmond Road, Bognor Regis.
- Merchant, H. A., 48, Uxbridge Road, Ealing, W.5; 25, The Broadway, Southall, Middlesex; 75, High Street, Slough.
- Metcalfe, S., 28, Church Lane, Pudsey.
- Milford, C. A., Cheapside, Settle, Yorks.
- Millman, H. T., Allen House, Newarke Street, Leicester.
- Mills, F. W. T., 6, Priory Place, Doncaster; 167, High Street, Scunthorpe.
- Milne, R., 68, Bath Street, Glasgow.
- Miskin, A., 8, Portland Street, Southampton.
- Moffat, F., 126, High Street, Falkirk.
- Moger, J. R., Martins Bank Chambers, Cleckheaton, Yorkshire.
- Moore, C. S., 15, Bedford Circus, Exeter.
- Morgan, D. R., 51-52, Broad Street, Newtown, North Wales.
- Morgan, E. C., Crown Chambers, High Street, Newtown, Montgomery.
- Mortimer, A. G., Prudential Buildings, 189, Hoe Street, Walthamstow, E.17.
- Moss, J., 28, Queen Street, Albert Square, Manchester.
- Moulton, P. A., 21, Regent Street, Barnsley.
- Moustardier, M., 69, Downs Road, Clapton, E.5; 50, Castle Road, Southsea.
- Mullens, G. G., 49, Station Road, Port Talbot.
- Naylor, R. O., 39, Chatsworth Road, Morecambe; The School House, Tebay.
- Neill, A., Westminster Bank Chambers, 196 and 198, High Street, Stoke Newington, N.16.
- Nelson, C. Hewetson, J.P., 43, Castle Street, Liverpool.
- Nicholson, J., 185, High Street, Lincoln; Market Rasen, Lincs.
- Nicholson, J. S., Yorkshire Penny Bank Chambers, 70, Otley Road, Shipley.
- Norfolk, W. J., 8, Colne Road, Clacton-on-Sea.
- Oates, G. G., 4 and 5, Oriental Chambers, Doncaster.
- Oldfield, J. W., 5, Rose Grove, Mytholmroyd, Yorks.
- Oldfield, W., 72, Castle Street, Hinckley.
- Oldman, A. S., 27, North Albert Street, Fleetwood, Lancs.
- Oxley, H., 22, Regent Street, Barnsley.
- Page, J. C., May Buildings, 51, North John Street, Liverpool.
- Palmer, A. J., 5, West Street, Fareham, Hants.
- Palmer, E. H., Bentinck Buildings, Wheeler Gate, Nottingham.
- Paterson, J., 13, Hamilton Street, Greenock; 18, Castle Street, Rothesay, Bute.
- Payne, C. C., 6, Market Place, North Walsham, Norfolk; Red Lion Street, Aylsham.
- Payne, W. H., 8 and 9, Martin Lane, Cannon Street, E.C.4.
- Pearce, E. E., Charles Street Chambers, 4, Charles Street, Cardiff.
- Pearce, M. E. J., 102, High Street, Poole, Dorset.
- Pearson, W., 5, Godwin Street, Bradford, Yorks.
- Pearson-Griffiths, J., 10, Clarence Place, Docks, Cardiff.
- Pellatt, A. P., 26, Cheriton Place, Folkestone; 132, High Street, Hythe, Kent.
- Petrie, J. McR., Martins Bank Buildings, Bacup.
- Pettitt, S. R., Lloyd's Bank Chambers, 45-47, Old Christchurch Road, Bournemouth.
- Platts, T. H., 126, Colmore Row, Birmingham; 2, Dudley Port, Tipton.
- Pocock, B. G., 90, Leith Mansions, Maida Vale, W.9.
- Pratt, A. J. S., 102, Victoria Road North, Portsmouth.
- Pratt, H. W., Church Way, Silver Street, Wellingborough.
- Prior, F. A., General Buildings, Bridlesmith Gate, Nottingham.
- Procter, S., County Bank Chambers, 41, Burnley Road, Padiham, Lancs.
- Pugh, A. E., 19, Carlton Chambers, High Street, Newport, Mon.
- Pulsford, E. G., 233, High Street, Poole; Station Road, Broadstone, Dorset.
- Rawlinson, E. B., Netherwood Chambers, 1A, Manor Row, Bradford.
- Rees, W. H. S., 1, Charlesville Place, Neath; 1, Hamilton Terrace, Milford Haven.
- Revell, H. W., Prudential Buildings, New Street, Huddersfield.
- Revell, T., Standard Buildings, City Square, Leeds.
- Reynolds, J. W., 49, Bank Street, Bradford.
- Rhodes, J., 31, Manor Row, Bradford.
- Rhodes, W. H., Prudential Chambers, 10, Grey Friars, Leicester.
- Riches, E. J., 12, Bank Street, Norwich; Hamilton House, Church Street, Cromer.
- Riddington, C. R., Crown Buildings, Loseby Lane, Leicester.
- Ridsdale, J. S., Midland Bank Chambers, Bridge Street, Walsall.
- Riley, H., 14, Park Square, Leeds; Layton Road, Rawdon, Nr. Leeds; Tinsill Lane, Horsforth, Nr. Leeds.
- Ritchie, P. G., 38, Bath Street, Glasgow.
- Robathan, P. E., Imperial Buildings, Mount Stuart Square, Cardiff.
- Rodger, T., 29, Grainger Street West, Newcastle-on-Tyne.
- Rogerson, C. E., York House, 12, York Street, Manchester.
- Rollinson, C. E., Westgate Chambers, Newport, Mon.
- Ross, G., 31, Queen Street, Cardiff.
- Rowe, C. N., Town Hall Chambers, Bromsgrove.
- Rowland, F. S., 90, Pilgrim Street, Newcastle-on-Tyne.
- Russell, P. W. G., 1, St. Martins, Leicester.
- Russell, W. G. A., Ruskin Chambers, 191, Corporation Street, Birmingham.
- Ryland, H. C., 18, Defoe Avenue, Kew Gardens, Surrey; 103, High Street, Brentford.

- Scarlett, C. S., 5, Cecil Square, Margate; 36, High Street, Ramsgate.
 Schofield, A., 16 and 17, East Parade, Leeds.
 Shaw, E. B., Imperial Chambers, 43, New Street, Huddersfield.
 Shepherd, J. W., C.B.E., 78, King Street, Manchester.
 Shepherd, W. A., 50, Tredegar Street, Risca, Mon.
 Sievwright, W. B., 3, Kinnoull Street, Perth.
 Simmonds, H. J., 1, Tremadoc Road, Clapham, S.W.4.
 Sinclair, G. N., Prudential Chambers, Oswestry.
 Singleton, J. T., Grosvenor Chambers, 23, King Street, Nottingham.
 Slater, H., Sussex House, Hobson Street, Cambridge; Primrose House, High Street, Newmarket.
 Slater, J. T., 11, Queen Street, Oldham.
 Sleeman, A. W., 10, Northampton Place, Swansea.
 Slipper, R. A., Bridgeway House, Hammersmith Bridge Road, W.6; 215, High Street, Hounslow.
 Smith, H., British Dominions House, 30, Cross Street, Manchester.
 Smith, O. H., 64, New Road, Chippenham, Wiltshire.
 Smith, W., 56, London Road, N., Lowestoft.
 Snow, W. K., 55, Quarry Street, Guildford; 4, Carfax, Horsham, Sussex.
 Soddy, R. J., 55, Gildredge Road, Eastbourne.
 Sparrow, G. W., Prudential Chambers, Grey Friars, Leicester.
 Spicer, R. C., 5, Bank Plain, Norwich.
 Stables, H. C., Dale Road, Matlock.
 Starkie, R. E., Greek Street Chambers, Leeds.
 Stembridge, P. G., Town Hall, Droitwich Spa.
 Stephens, C. T., Post Office Chambers, Pontllanfraith, Mon.
 Stephenson, Joseph, O.B.E., Queen Street Chambers, Peterborough; Queens Chambers, Bargate, Boston; Portland Chambers, Market Place, Spalding; 22, Castlegate, Newark-on-Trent; Broadway, St. Ives, Hunts.; 5, Red Lion Square, Stamford; 1, Grays Lane, March; 30, High Street, Huntingdon; Park Street, Chatteris; Barclays Bank Chambers, 81, High Street, Scunthorpe; Market Chambers, St. Neots, Hunts.; 13, Market Place, Brigg; Foresters Hall, Long Sutton; The Hall, Thorne; 8, Lion Street, Brecon.
 Storey, R. G., 8, Oxford Chambers, 12, St. Stephen Street, Bristol.
 Sturges, H. H., 1, Guildhall Chambers, 31, Basinghall Street, E.C.2.
 Sunderland, W., Craven Bank Chambers, North Street, Keighley.
 Tamplin, J., Westgate Chambers, Newport, Mon.
 Tessier, A. N., 279, Borough High Street, S.E.1.
 Thomas, D. B., Post Office Chambers, Merthyr Tydfil; Bryn Taf Offices, Treharris, Glam.; 7, Cross Morlais Street, Dowlais, Glam.
 Thompson, J. W., 21, Henry Street, Keighley.
 Thomson, J., The Crescent, 115, Drake Street, Rochdale, Lancs.
 Thomson, R. C., Meadow House, 64, Reform Street, Dundee.
 Thornley, J. C., Central Chambers, 1, Norfolk Street, King's Lynn; High Street, Hunstanton.
 Thurgood, J., 61, High Street, Mexborough.
 Townsend, H., 16, Weston Park, Crouch End, N.8.
 Tullett, W., Market Place, Darlington.
 Tunbridge, S. T., 6, South Quay, Great Yarmouth.
 Tyler, G. H., Central House, 75, New Street, Birmingham.
 Vizard, L., 2, Clarence Parade, Cheltenham.
 Vizard, L. N., 2, Clarence Parade, Cheltenham.
 Walker, G. H., 37, Southgate, Halifax.
 Walker, P. H., 4, Park Place, Cardiff; The Arcade, Cowes, I.O.W.
 Walker, R. B., 1, Richmond Terrace, Blackburn.
 Walker, W., 13, East Parade, Leeds.
 Wallace, W. D., 48, Loughborough Road, Kirkcaldy.
 Wallis, S. L., 3, King John's Chambers, Bridlesmith Gate, Nottingham.
 Walters, W. L. J., Masonic Chambers, Gillingham, Dorset; Market Square, Sturminster Newton.
 Walters, W. T., Middle Street, Yeovil.
 Walton, A., 7, Bond Place, Leeds.
 Walton, N. H., Midland Bank Chambers, Sunderland.
 Ward, A., Martins Bank Chambers, 25, Sunbridge Road Bradford.
 Wareing, J., 11, Chapel Street, Preston.
 Warmington, W. H., Overbury, Tewkesbury.
 Warren, R., 3, Victoria Place, Haverfordwest; 28, High Street, Cardigan.
 Watson, A., County Buildings, 4, Cannon Street, Manchester.
 Watson, O. A., 10, Peacock Lane, Leicester.
 Watts, Miss E., 77, Chandos House, Palmer Street, Victoria Street, S.W.1.
 Waud, N., "Melrose House," St. Sampson's Square, York.
 Webb, E., 34, Grand Parade, Brighton.
 Wells, C. H., Independent Buildings, 21, Fargate, Sheffield.
 West, H. W., Bank House, 618, Romford Road, Manor Park, E.12.
 White, A. M., Erskine Chambers, 15, Grainger Street West, Newcastle-on-Tyne.
 White, E. G., Bank Chambers, Lammas Street, Carmarthen; 33, Quay Street, Ammanford.
 White, J. C., 32 and 34, High Street, Sutton, Surrey.
 White, P., M.B.E., 6, Sussex Terrace, Princess Square, Plymouth.
 Whiting, W. F., Bridge Buildings, Nene Quay, Wisbech; Market Place, March.
 Williams, E. Clarke, 65, Oxford Street, Whitstable.
 Williams, E. J., Exchange Buildings, 14, Lowther Street, Carlisle.
 Williams, E. K., Marldon Chambers, 30, North John Street, Liverpool.
 Williams, G. R., 26, Windsor Place, Cardiff.
 Williamson, J. H., Booth Street Chambers, Ashton-under-Lyne.
 Wilson, F. O., British Dominions House, 30, Cross Street, Manchester.
 Windle, R. S., Midland Bank Chambers, Barnoldswick.
 Witty, Richard A., 6, Dowgate Hill, Cannon Street, E.C.4.
 Wolstenholme, E. J., Crown Chambers, 36, Yorkshire Street, Rochdale.
 Wood, D., M.B.E., 73, Windsor Avenue, Hillingdon, Middlesex.
 Wood, H., 179, Dock Street, Newport, Mon.
 Woolley, F., J.P., 8 and 10, Portland Terrace, Southampton; 18, St. Thomas Street, Lymington.
 Yates, J., 11, Mill Street, Warrington.
 Yearsley, A., 84, Warrington Street, Ashton-under-Lyne.

Arbitration Proceedings.

As a demonstration of arbitration proceedings, a Practice Arbitration will be held at Incorporated Accountants' Hall on February 21st, at 6 p.m., under the aegis of the Institute of Arbitrators and the Insurance Institute of London. The Rt. Hon. Lord Askwith, K.C., will be the Arbitrator, and the subject matter will be an insurance dispute.

Anyone interested will be welcomed if previous advice is sent to the Secretary of the Institute of Arbitrators, 10, Norfolk Street, London, W.C.2.

The Welsh Rugby Football Team.

Members of the accountancy profession who are followers of rugby football will be interested to know that Mr. J. R. Evans, the captain of the Welsh team against England for the match played at Cardiff on January 20th, is articulated to Lieut.-Col. R. C. L. Thomas, a partner in the firm of Walter Hunter, Bartlett, Thomas & Co., Incorporated Accountants, of Newport, Cardiff and London. We believe this is the first occasion on which a member of the accountancy profession has captained the Welsh national side.

A Trusteeship in Bankruptcy: The Practical Aspect.

A LECTURE delivered before the Incorporated Accountants Students' Society of London and District by

Mr. W. J. BACK,
INCORPORATED ACCOUNTANT.

Mr. E. E. EDWARDS, Parliamentary Secretary of the Society of Incorporated Accountants and Auditors, occupied the chair.

BANKRUPTCY.

Mr. BACK said: It is not the purpose of this lecture to recapitulate the text-books, but to discuss principles and to consider practical points, especially from the point of view of a man engaged for the first time in a bankruptcy administration.

The legislature of a country may take either of two points of view in its attitude towards bankruptcy. It may regard the bankrupt as a rascal, and in that case bankruptcy law will be a part of the criminal law, and the whole matter will be in the hands of the officials of justice, whose principal interest will be in the punishment of the offender, and the deterrence of others; but it is quite possible that the bankrupt may not be a criminal, but a victim of misfortune, and in that case the interest of the community will be in the direction of relieving him from an insupportable burden, and the only other interest will be that of the creditors in obtaining the most equitable distribution possible *inter se*.

Bankruptcy law naturally began in the temper first suggested, and a statute of the reign of Henry VIII describes bankrupts as those who

"craftily obtaining into their own hands great substance of other men's goods do suddenly flee to parts unknown, not minding to pay or return to pay to their creditors their debts and duties but at their own wills and pleasures consume the substance obtained from other men for their own pleasure and delicate living, against all reason, equity, and good conscience."

But experience gradually modified that pessimistic attitude. It was realised that incapacity and ill-fortune had also to be taken into account, and by 1869 the pendulum had swung very thoroughly in the opposite direction. The Bankruptcy Act of that year allowed creditors to exercise complete control, to compound with the debtor in any way they pleased, and if in gross cases the creditors considered prosecution necessary the duty of conducting the prosecution was left upon the shoulders of their representative, the trustee. Inevitably, in practice, the creditors preferred to write off the debt as quickly as possible, and close the matter. Unfortunately, also, in the absence of any official supervision of trustees, many cases of dishonesty occurred.

The Bankruptcy Act of 1883 represented a compromise between the two points of view. It separated the two interests, putting the interest of the community in the investigation of the conduct of the debtor, and the duty of report thereon in the hands of a new class of public officials—"Official Receivers"—whilst leaving the realisation of the estate and distribution to the parties entitled in the hands of the people most concerned—the creditors—through their representative, the trustee, but charging the Board of Trade with the duty of supervising the trustee.

The general scheme of this Act still governs bankruptcy administration, for the 1914 Act was really a consolidation Act only, and it is a remarkable fact that, notwithstanding the immense social and other changes of the last half century, there is no call for substantial amendment of its provisions. Probably no phase of English law has suffered so little from the "weather" in these times of storm and stress, and for this characteristically English compromise we are indebted to the then President of the Board of Trade, making his first essay in national administration, Joseph Chamberlain.

The intention of the Act is, therefore, that normally realisation and distribution shall be under the control of the creditors, whose representative accounts also to the Board of Trade. Whilst, always, the duty of investigation and report, and of decision as to cases in which prosecution is necessary, shall lie with public officials.

1.—PROCEEDINGS IN BANKRUPTCY.

Bankruptcy proceedings are set in motion by the presentation of a petition that a receiving order should be made, in order that the assets should be protected:

- (a) From further dissipation by the debtor;
- (b) From action by an individual creditor, seeking to secure his own position at the expense of the fund otherwise available for the creditors as a whole.

The petition may be presented either by the debtor himself, or by a creditor, but there is a matter preliminary to the making of the petition, and that is the deposit with the Official Receiver of £5 in the case of a debtor's petition, or £7 10s. if a creditor's petition. The Official Receiver will have certain expenses to meet and fees to collect, and these must be secured; but, unless the proceeds of the estate are insufficient to pay the costs, the deposit by a creditor will be returnable in full later.

As far as the debtor is concerned, if he has come to the conclusion that it is hopeless to attempt to continue, and is unable to find the deposit, he may file with the Court a declaration of his inability to pay his debts; this statement will be signed, dated, and the signature witnessed; when it has been delivered to the proper official, it will constitute a complete act of bankruptcy, on which, without further ado, any creditor in a position to petition, and ready to find the deposit, may found a petition for a receiving order. There are, of course, a number of other acts of bankruptcy, the most important of which is failure to comply with a bankruptcy notice.

If the petition is presented by the debtor it will set out that he is unable to pay his debts, and nothing further will be required. If it is by a creditor it will be somewhat more elaborate; it will set out particulars of the creditor's claim, which must, alone or jointly with another, amount to £50, and assert an act of bankruptcy, giving particulars and the date thereof. A copy of the petition is served upon the debtor, and a date fixed for hearing, not less than eight days after service. On the making of the order, the Official Receiver is constituted Interim Receiver, and immediately commences to investigate the position. The receiving order does not make the debtor a bankrupt, but its consequences are:

- (1) The debtor must attend on the Official Receiver for a preliminary examination, which will consist of a series of questions in regard to his business career, and the causes of his present difficulties. The answers will be written down, and signed by the debtor.
- (2) The Official Receiver will supply forms for a statement of affairs to be completed by the debtor, setting out his assets and liabilities, with various

supporting schedules, and a statement showing how the deficiency is accounted for.

- (3) The Official Receiver will summon a meeting of creditors, giving notice to all named as creditors in the statement of affairs and sending with the notice of meeting a summary of the statement of affairs, together with his observations thereon.

The meeting will consider the position, deal with any proposal as to a scheme or composition which the debtor may put forward, and decide whether or not to ask the Court to adjudicate the debtor a bankrupt. In the event of adjudication, it will appoint a committee, and may either appoint a trustee or authorise the committee to make the appointment. Only creditors who have proved their debts may take part in the meeting; the Official Receiver may admit such proofs for purposes of voting only. The Court will consider all the facts so elucidated and will determine as to adjudication.

The receiving order will be followed by a public examination before the Registrar. This examination will be conducted by the Official Receiver, and will be based on the facts disclosed in the statement of affairs and the preliminary examination; the debtor will be on oath, and will be required to sign the notes of the hearing. The purpose of the public examination is to ascertain the causes of failure, and to fix responsibility in regard to any bankruptcy offences which may be alleged. The Official Receiver will conduct the examination, but it will often be useful for the trustee, if appointed, to attend and to ask questions in relation to special points not covered by those of the Official Receiver. The trustee will not suppose that all matters about which he requires information need to be enquired into publicly, but in some cases the debtor may well be asked whether, for example, all the bank accounts he has used have been disclosed, or perhaps whether he has at any time used a bank account standing in the name of his wife, or as to other similar matters arising.

The debtor is bound to assist the trustee in the administration, and to make full disclosure, but he has no further concern with the administration. He can apply for his discharge without waiting for the trustee to complete winding up the estate. His application will state that he was adjudicated bankrupt, that his public examination has been concluded, and that he desires his discharge. The Official Receiver will certify to the Court as to the number of creditors and other matters, and the Court will fix a day for hearing.

At the hearing, the Official Receiver will report to the Court on the conduct of the debtor, and as to his affairs. For his assistance in this duty he will ask the trustee for information on several matters, *e.g.*, for particulars as to dividends declared, and any others anticipated, and for his remarks as to the conduct of the debtor in the course of the administration. The trustee's report might be:

"The debtor gave me all the assistance I required of him. Full investigation into the affairs of the debtor revealed nothing additional to the matters considered in the course of the public examination"—if such were the facts.

But it is the Official Receiver, and not the trustee, who reports to the Court in relation to bankruptcy offences, such as failure to keep proper books, indulgence in rash and hazardous trading, continuance of trading after knowledge of insolvency, &c.

The discharge of the debtor relieves him from certain disabilities and from liability for all debts proveable in the bankruptcy.

2.—THE TRUSTEE IN BANKRUPTCY.

(a) General.

The creditors' control over the administration is exercised through their agent—the trustee. The implications of the position of a trustee in general have special application to the bankruptcy trusteeship:

- (1) He cannot delegate his trust without express permission. If, therefore—for example—he employs an auctioneer, and the auctioneer absconds with the proceeds, the trustee will find himself held responsible, unless the Court orders otherwise.
- (2) He must not purchase part of the trust property for himself without the permission of the Court. That is, he must never put himself into a position in which his interest may conflict with his duty.
- (3) He must make no profit out of his trust beyond the remuneration voted in accordance with the Rules. He must receive no addition from any other source; for example, if he or his firm happen to be agents for the insurance company which provides his bond, he must charge the premium to the estate at the net figure. Nor must he share his remuneration with anyone else.

The trustee is appointed by the creditors by an ordinary majority-in-value resolution at the creditors' meeting, or that meeting may decide to appoint a committee of inspection, and to leave the appointment of trustee to the committee; if it does neither, the Board of Trade may appoint the trustee, but even then the creditors may displace the board's appointee.

On first acting in bankruptcy, the trustee will be supplied by the Board of Trade with a copy of its circular, "Tr. 4," which will be found to be a very useful summary of the duties, and of the rules under which the trustee must work. It should be carefully studied.

The business of the committee of inspection is to supervise the administration of the bankrupt's estate by the trustee. It will consist of not more than five nor less than three members, each of whom must be either a creditor or a general proxy holder for a creditor. Certain powers available to the trustee can only be exercised with the approval of the committee. The office of committeeman is one of trust, and not for profit; in certain circumstances out-of-pocket expenses of the members may be paid, but they can never receive remuneration for their services. The committee may meet at such times as it decides. Rule 20 provides that it shall meet once at least in every month, but if this should prove impossible it must at all events meet every six months for the audit of the trustee's cash account prior to its despatch to the Board of Trade. If it should be found impossible to hold meetings as frequently as the rules require it will be well to refer to the matter when a meeting is held, so as to have a reference thereto upon the minutes.

It is the task of the Official Receiver to obtain from the debtor his statement of affairs, but it may very often happen that the debtor will need the assistance of the trustee in preparing that statement. If this should be the case, such service will be an "extra" from the trustee's point of view, not covered by the remuneration which will be voted to him. The trustee should take care to obtain the authority of the Official Receiver to render this service, and he will then be in a position to claim the extra payment.

(b) On Taking Over by the Trustee.

As soon as the appointment is complete it will be the duty of the trustee to take over the administration, and to take possession of the books, documents, and property of the debtor.

He will begin by taking from the Official Receiver the books and documents in his possession. It will be well to take and preserve a list of those handed over to him; these will include the record book and the estate cash book, both of which the Official Receiver will have commenced. The Court file (on which are collected all papers relative to the bankruptcy; Orders of Court, notes of the private examination by the Department, particulars of the public examination when held, summarised accounts, &c.) should be carefully perused and advantage taken of the information there available.

The Official Receiver will require that his expenses shall be refunded by the trustee. If no funds are in hand from the realisation of assets, he will usually accept an undertaking by the trustee to make the refund out of the first moneys coming to hand.

The bankrupt must deliver up to the trustee all books, documents, papers, and any property still in his custody or under his control, and all parties likely to be in possession of such should be advised of the trustee's appointment.

The trustee will take physical possession of property capable of manual delivery; if goods are in the hands of a warehouseman having a lien for his charges, they should be inspected before decision as to paying out the lien and taking over the goods for the estate.

"Things in action"—such as shares, insurance policies on which there is a surrender value, &c.—are regarded as having been assigned to the trustee at the date of the act of bankruptcy, but the trustee must complete his title by giving notice to the parties concerned in the same way as any other assignee; care should, therefore, be taken that such notice is immediately given.

If there should be property pledged for loans, the pledge should be treated as a possible creditor, and all notices issued to creditors sent to him, in case the pledge should ultimately prove to be insufficient to cover the loan.

The trustee should go carefully through the list of property disclosed, and consider in each case what action on his part is necessary. If the debtor had freehold or leasehold property, there may be rents accruing due to the estate, in which case, of course, tenants should be given formal notice to account to the trustee.

The deficiency statement should be carefully considered, together with all information available, having particular regard to the possibility that it may not fully account for the deficiency, but that there may be additional undisclosed assets partly bridging the gulf. The trustee will not approach the consideration with a mind poisoned by suspicion, but he will test the statements made in every possible manner.

Immediate steps should be taken to consider the insurance cover, and to make sure that all insurable risks are taken care of by policies which are current, and in respect of which the trustee has given notice of his title.

The trustee will arrange an interview with the debtor, and for this purpose he will be well advised to go closely through all his notes and papers, and make a careful agenda. It is the bankrupt's duty to give every assistance to the trustee, a duty which is not terminated by his discharge, but at the same time every step should be taken to ensure that the information at the trustee's disposal is as complete as possible from the beginning.

(c) Right of Disclaimer.

Consideration must be given to the matter of any onerous contracts of the debtor, in respect of which the trustee is entitled to give notice of disclaimer under certain conditions. This notice may be given at any time within twelve months of his appointment as trustee, or

of the date at which he first became aware of the existence of the property. The disclaimer will bring the contract to an end, and determines the debtor's liability in regard thereto, for which the creditor may prove in the ordinary way.

On application by the trustee for discharge, the Board of Trade will give consideration to the matter, and any neglect by him will be taken into account.

(d) Books to be kept by the Trustee.

The trustee will keep:—

(1) A record book, which is a kind of combined diary and minute book, commenced by the Official Receiver and continued until the end. It may be inspected by the creditors and will be required by the Board of Trade at each half-yearly audit. Rule 360 provides that the trustee "shall record all minutes of proceedings had and resolutions passed at any meeting of creditors, or the committee of inspection, and all such matters as may be necessary to give a correct view of the administration of the estate, but he shall not be bound to insert any document of a confidential nature."

It will not be well to go beyond what is necessary for the satisfaction of the rule, but the trustee should see that the book shows specific authority on all matters in which it is necessary or desirable to have the authority of the committee.

(2) A cash book. The form of the book is prescribed; it will have been commenced by the Official Receiver before the trustee's appointment, and will be found to be an analysis book with a total column and a bank column on each side, and a series of other columns. Totals (not balances) of all the columns should be carried down at audit periods, and the column totals at the end, without further analysis, will be found to give the detail required for the trustee's final statement to creditors. Payments made out of the trustee's own funds should be immediately entered in the cash book—not left until they have been recovered by him. Property sold must be entered on the receipts side gross, and so collected from the trustee's agents; the charges of the agents will be entered as paid, after taxation (i.e., approval) by the proper official of the Court.

Vouchers must be obtained for all payments; these will have to be produced at the Board of Trade audit.

(e) Trading by Trustee.

If it should happen that the failure is in consequence of matters outside the debtor's business it may be that the business itself will be valuable and profitable, but the trustee must not carry it on for the purpose of paying dividends out of profits; to do so would be to risk the creditors' moneys by speculation and would be improper action on the part of a trustee; he must only carry on the business so far as is necessary for the purpose of beneficial realisation. Further, it must only be carried on with the sanction of the committee, who must audit the trading account monthly.

Purchases should not be made from any member of the committee or his employer or partner, without permission from the Court; this follows from the fact that the position of committee-membership is one of trust, out of which no profit should be made.

The trustee must keep accounts of the trading distinct from those of realisation; but the account required is purely on a cash basis—receipts and payments—and the totals, debit and credit, will be entered weekly into the estate cash book.

The Rules of 1915 provide a form of profit and loss account, but the Board do not require it and it may be that it is not usually prepared.

(f) *Supervision of the Trustee by the Board of Trade.*

(1) **Appointment and Bond.**—The appointment must be certified by the Board before it is effective, and the certificate will not be issued until the trustee has given security for the proper discharge of his duties. The only security acceptable to the Board is in the form of a bond issued by certain insurance companies specified on a list which will be supplied by the Board. The amount of the security required is fixed by the Board on a consideration of the probable amount of the realisations, and to avoid delay a temporary cover note by the company will be accepted until the policy itself has been prepared. Normally the premium will be paid by the trustee, who is regarded as himself providing the bond, but if the creditors so resolve the premium may be charged against the estate (if the appointment of trustee has been made by the committee this authority may be given by them). Not unnaturally this exception has become the rule. The bond must be renewed and the premium paid one month before expiry of the period of the current cover, failing which the company are required to give notice to the Board.

As the realisation and distribution proceed the Board will be prepared to consider an application for a reduction of the amount of the bond—which will, of course, result in a reduction of the premium—if the trustee is himself paying the premium it will be to his interest to make such application as soon as possible, and if the premium is payable out of estate funds it will be his duty to do so.

(2) **Audit by the Board.**—The Board of Trade audit the trustee's cash account half-yearly, the first audit being due six months from the date of the receiving order. The committee should have audited the account before it is sent to the Board, and this fact should be certified in the book. If the committee cannot be got together for the audit the account should be sent to the Board without undue delay with a note therein by the trustee as to his having called the committee together and of the absence of a quorum at the appointed time.

At the first audit the Board will require an office copy of the front sheet of the debtor's statement of affairs, together with certain of the schedules thereto; the realisations will be indicated in red ink on the statement of affairs. (An "office copy" is a copy provided by the Court and certified by an official thereof as a true copy.)

The cash book is not itself sent to the Board, but a copy thereof verified by affidavit and supported by vouchers, together with a summarised copy, giving total and bank columns only.

Audit duty at the rate of 30s. for each £100 or part thereof is payable. The audit duty account is, however, regarded as a running account, and if, for example, the realisations at a particular point amount to £750 the duty will be £12, but if during the next half year the gross realisations (less trading payments and payments to secured creditors) amount to only £40 no additional duty will be payable, the total of £790 being covered by the duty previously paid.

3. PROPERTY AVAILABLE.

In the main it is not difficult to determine the property available to the trustee for the creditors; the broad general principle is that the trustee takes on behalf of the creditors all the property of the bankrupt at the commencement of the bankruptcy, and takes it subject to whatever liabilities rested on it in the hands of the bankrupt, that is "subject to the equities."

The definition of "Property" is very wide: "money, goods, things in action; land, property real or personal whether situated in England or abroad; obligations, easements, and every description

of estate, interest and profit, present or future, vested or contingent."

It has even been held to include a formula for a secret process of manufacture which had never been reduced to writing, and it includes the right to bring an action for injury to the debtor's property.

(a) *Date of Passing and Relation Back.*

The date at which the trustee's title commences may be very important. It will be obvious that if it should be at the date of the receiving order only, with no right to go behind that date and re-open earlier transactions, it would be within the power of the debtor, during the time within which the action was pending to alter materially his position and make away with substantial portions of his property; whilst, on the other hand, if he is conducting a business, genuine transactions, not necessarily involving any net diminution of his assets, will be taking place right up to the date of the order.

An Act of Queen Elizabeth provided that the moment a trader committed an act of bankruptcy he was *ipso facto* deprived of all right to deal with his property and the trustee's title would—if this had remained unaltered—date back to that point, however far back it might be. It is easy to visualise the resultant confusion under modern conditions. Consequently limitations have from time to time been introduced into the doctrine of "relation back."

The present position is that the receiving order sets out an act of bankruptcy; normally that will be the date of the commencement, but if the trustee can prove an earlier act, within three months next before the presentation of the petition the date of such earlier act will become the commencement date, and the trustee cannot go behind that date except in the case of a fraudulent conveyance of property.

All property acquired by or devolving upon the bankrupt between the commencement and the date of his discharge passes in principle to the trustee.

But there is a still further limitation. During the three months (or lesser period) from the commencement of the bankruptcy to the receiving order all *bona fide* trading transactions—payments and receipts in the ordinary course of business, or contracts for valuable consideration—are protected if with a party having no notice of the commission of an act of bankruptcy.

(b) *Fraudulent Preference.*

But the transactions must be *bona fide*. If a payment or transfer has been made by the debtor whilst insolvent, with a view to preferring a particular creditor—even if the creditor had no notice of the act of bankruptcy—such payment or transfer is void in favour of the trustee. A good example is a case arising out of the Bevan frauds: Ellis & Co. (stockbrokers, who became bankrupt) had a client who had made a purchase of City Equitable shares on their advice; this client subsequently gave orders for the sale of the shares, but by that time there was no market in those shares. The client was a personal friend of a partner in Ellis & Co., and the partner arranged for Ellis & Co. to buy the shares, and, later, sent a cheque to the client, which was met. The Court held that the payment was made with a view to prefer, and must be repaid by the recipient.

The return of goods to an unpaid supplier on the eve of bankruptcy is a fraudulent preference, as preferring that creditor over the general body of creditors.

(c) *Fraudulent Conveyance, &c.*

In general, a settlement of property not in good faith and for valuable consideration within two years before the

bankruptcy is open to review in favour of the trustee, with certain exceptions; and similarly if within ten years before the bankruptcy unless (a) the debtor was then able to pay his debts without the property in question, and (b) the interest of the settlor passed at the time of the conveyance. Difficult questions arise under this section, as also under the provisions in relation to fraudulent preference, and the trustee will be guided by his legal advisers in regard to any action necessary.

Certain property is available to the trustee which would not have been available to the debtor:

(1) Property covered by the "reputed ownership" clause. An Act of the reign of King James recited that:

"frauds and deceits, like new diseases, daily increase among such as live by buying and selling,"

and such frauds included the obtaining of loans and credit on the strength of goods which were not the property of the borrower, though in his possession. This Act, therefore, made provision for the "seizure and sale" for the benefit of creditors of property belonging to other persons in the "possession, order and disposition" of bankrupts "whereof they shall be reputed owners." This is the origin of the provisions in sect. 38 (c) of the 1914 Act, under which the trustee will claim as property available for the creditors, goods:

- (1) At the commencement of the bankruptcy in the possession, order, and disposition of the bankrupt;
- (2) for use in his trade or business;
- (3) with the consent of the true owner;
- (4) in such circumstances that the bankrupt was the reputed owner thereof.

The presumption of reputed ownership may be rebutted if a custom of trade to the contrary is proved. It was held—in *ex parte Wingfield*—that the goods must be in the debtor's possession in such circumstances "as to enable him by means of them to obtain false credit," and in that case "the owner of the goods who has permitted him to obtain that false credit is to suffer the penalty of losing his goods for the benefit of those who have given the credit."

The goods must be in the debtor's possession at the commencement of the bankruptcy, and it will not be a fraudulent preference if the debtor should on the eve of bankruptcy, return these goods to their true owner. In that event they will not be in his possession at the crucial date.

(2) *Secret assignments of book debts.*—If a bankrupt trader has made an assignment of his book debts in general or of any class of such debts and the assignment has not been registered under the Bills of Sale Act it will be void in favour of the trustee, except in so far as the debts have been actually collected by the assignee. This is really a corollary of the provision in regard to reputed ownership. It must be noted that this provision does not apply to an assignment of specific debts or debts arising out of specific contracts.

(3) *Uncompleted Executions.*—Where a creditor has issued execution against the goods of a debtor or has attached a debt due to him he is not entitled to retain this as against the trustee unless the execution has been completed before the date of the receiving order, and either before notice of the commission of an available act of bankruptcy, or the presentation of the petition.

(4) *Taxation.*—There may be a claim for the adjustment of an assessment to income tax, which would not have been available without the cessation of the business, or for a repayment under sect. 34 of the Income Tax Act, 1918, for consideration of which the student is referred to textbooks on taxation.

4. ASSETS WHICH MAY NOT BE AVAILABLE.

But there may be assets in the debtor's hands which are not available to the trustee:—

(1) The bankrupt may be a trustee himself, and in that capacity hold moneys or goods in which he has no beneficial interest. This principle covers property held for another in general unless the doctrine of "reputed ownership" intervenes.

Also the doctrine is extended by the presumption of law that a man is innocent until proved guilty, which implies a presumption if possible that he has acted in a just and proper manner. If, therefore, the debtor has trust moneys which he has mixed with his own in a common bank account, and he has drawn from that account for his own purposes, it will be assumed that the drawings were from that portion of the account which was his own, leaving the trust moneys intact, if the balance is sufficient to support that presumption.

(2) Tools of trade, bedding, wearing apparel for the debtor and his family to an amount not exceeding £20 in all, are protected from the trustee.

(3) *Copyright.*—Sect. 60 of the 1914 Act provides specially for such circumstances as arose in the case *re Grant Richards ex parte Deeping*. In that case the copyright of a book had been sold to the bankrupt in his business as publisher, on terms which provided for the payment of certain royalties to the author. It was held that the trustee could exercise the debtor's right to publish or licence whilst the author was only entitled to prove against the estate for damages for breach of contract. Hence the provision in sect. 60 negating this inequity and requiring the trustee, if he exercises the rights of the bankrupt in relation to copyrights, to do so subject to making the same payments as the bankrupt would have had to make before his bankruptcy.

5. AFTER-ACQUIRED PROPERTY.

Property acquired between the receiving order and the discharge of the debtor. In principle this is claimable by the trustee, subject to certain limitations.

(1) Personal earnings by the debtor, or a pension payable to him, are payable to the trustee so far as they are not necessary for the maintenance of the debtor and his family. But the trustee must ask the Court for an order, and until that order is made the debtor may validly dispose of such earnings. There are a number of cases bearing on the "earnings" point, and in appropriate cases these should be looked up.

(2) If a supplier allows an undischarged bankrupt to obtain goods without payment he does it at his own risk. The trustee may claim the goods as "after-acquired," and as only those persons who were debtors at the date of the receiving order can prove in the bankruptcy, the supplier cannot even prove unless he brings a new bankruptcy petition.

6. CLAIMS AGAINST THE ESTATE.

All debts constituting claims to share in the proceeds of the realisation must be proved by affidavit. The affidavit will give particulars of the debt in detail (or will refer to an account attached which does so) and will be accompanied by bills of exchange or promissory notes (if any), it must also state the consideration for the debt and particulars of securities, where the creditor has such. If the debt exceeds £2 the proof must bear a bankruptcy stamp for 1s. 6d. (which the trustee will cancel).

(a) *General.*—Broadly, the creditor may prove for all liabilities, present, future or contingent as at the date of the receiving order, and the trustee must deal with each proof within 28 days of receiving it; he may do either of three things: (1) admit the proof, in whole or in part;

(2) require further information in regard to the debt; or (3) reject it. When the trustee has finally decided upon his action he will note it in a space provided in the margin, as "Admitted to rank for dividend for £—this—day of—Trustee," or otherwise as the case may be. Admission need not be notified by the trustee to the creditor, but any other action must be intimated in writing to the claimant.

Creditors desiring to take part in the first meeting of creditors must prove to the Official Receiver before that meeting; he may admit the proof for the purpose of voting only; he will list all proofs sent to him and hand them over to the trustee for final action.

The trustee must examine all proofs and the responsibility for admission rests with him. In the U.S.A. the debtor must certify each proof; this requirement might easily lead to delay and difficulty, and in English law only the duty of assistance to the trustee is placed upon the debtor. It will generally be found that if the proof agrees with the debtor's statement of affairs and with his books of account the trustee will not have much difficulty in deciding upon his action, but these matters are not final and determinative. The trustee must satisfy himself that there is a liability coming within the provisions of the Act, that the consideration therefor was valid and the extent of the liability is as stated, and, further, that the right person is making the claim—even a judgment of the Court does not override this duty of the trustee, still less an account stated and agreed to by the debtor. "If a judgment were conclusive a man might allow any number of judgments to be obtained by default against him by his friends or relations, without any debt being due on them at all."

The trustee files the proofs with a list at the Court and the rules provide that this certified list shall be filed monthly.

Certain claims, though provable, are postponed for dividend purposes until other creditors have been paid in full. These are:—

- (1) Claims in respect of loans to the debtor for use in his business, or in respect of which the creditor was to receive a rate of interest varying with the profits, or a share of profits.
- (2) Claims in relation to a sale of goodwill to the bankrupt under which payment was to be by way of a share of profits annually.
- (3) Claims by the husband or wife of a bankrupt in respect of moneys advanced to the other party to the marriage for the purposes of his or her business.
- (4) Where a debt due by the bankrupt bears interest at a rate in excess of 5 per cent. per annum the excess is postponed.

(b) Where there have been *Mutual Dealings* between the bankrupt and a creditor and balances remain on both sides, these are set off against one another and the balance only is dealt with. But mutuality is essential, that is, the dealings must be between the same parties in the same right; a joint debt due to a man and his partner cannot be set off against a debt in the other direction by the individual alone. But this is practically the only limitation; a secured debt may be set off against an unsecured debt, a debt on a simple contract against a speciality debt, and even a debt at present due and payable against a future debt. The date on which to ascertain the position in relation to mutual dealings is the date of the receiving order, not the date of the act of bankruptcy (*re Daintree*, 1900).

(c) Where a creditor is *partly secured* he must value his security and prove for the balance; in this case the trustee may pay the amount of the valuation to the

creditor and recover the security. For example, if a company has a claim against a shareholder who has become a bankrupt, and the Articles give the company a lien on the shares for any debt by a shareholder, in order to prove in the bankruptcy the company must value its shares and the trustee will then be free to obtain a better offer for the shares.

(d) Where the bankrupt holds *shares which are not paid up* in full the company may prove for calls in arrear, and if the company is in liquidation the liquidator may prove for the whole amount unpaid; if, however, the company is not in liquidation it will be held that the contingent liability for future calls is incapable of estimation and therefore incapable of proof.

(e) *Contingent Liabilities*, the amount of which can be estimated, may be the subject of proof, but if in the opinion of the Court the liability is incapable of estimation, there can be no proof. As discharge only frees the debtor from liabilities which are proveable in the bankruptcy, he will remain liable in such a case even after his discharge.

The position in regard to *Preferential Creditors* must be carefully considered by the trustee and the provisions strictly followed.

7. DISTRIBUTION.

After payment of costs preferential creditors will be paid in full as soon as there are sufficient funds available in the trustee's hands; no statement of the account will be made to them—unless the realisation should be insufficient to meet their claims in full.

The list of proofs filed with the Court will give a settled list of persons entitled to share in the distribution of the balance of the realisation. The Rules provide that the first dividend must be paid within four months of the first meeting of creditors and that subsequent dividends should be paid every six months. If it should be impossible to comply with these provisions the matter should be considered by the committee and their conclusion upon the matter be recorded in their minutes. Distribution should always be made with all convenient speed.

Notice of intention to declare dividend will be given in accordance with the rules in the Act, and any proofs then sent to the trustee must be dealt with within fourteen days of receipt.

The trustee will apply to the Board for the issue of payable orders in respect of the dividends due to the various creditors, supplying with the application an office copy of the lists of proofs filed. In due course he will receive the orders and will distribute them to the creditors.

Dividends are entered in the estate cash book in one lump sum and any unclaimed dividends are subsequently paid over to the Board of Trade—they do not in any event fall into the estate funds.

8. COMPLETION.

The *remuneration* of the trustee is fixed by the creditors or by the committee if so authorised. It will be by way of (a) a commission on realisations and (b) a commission on the amount distributed by way of dividend. Any amounts actually realised for the estate by the Official Receiver are excluded from the calculation, as also amounts received by secured creditors out of their securities.

Release of Trustee.—The trustee will prepare a complete account of the administration and will circulate this to the creditors, together with notice of his intention to apply for his release. In preparing this statement he will have to estimate a number of final payments not made at that date, such as the cost of printing and circulating the

account, various fees to the Board, including a fee of 3s. 6d. per cent. on realisations on his application for release, payments for *Gazette* notices, &c.

The Board will then make a final audit of his accounts and his discharge will be granted subject to his handing over to the Official Receiver "all books, papers, documents and accounts relating to the bankruptcy." This does not include the trustee's own files of working papers and correspondence.

It will be well to compile a schedule of the books, &c., which it is proposed to hand over and to submit this in advance to the Official Receiver, taking care that it includes specifically whatever books, &c., were handed over to the trustee by the Official Receiver at the beginning.

The order of discharge will eventually be received and the matter closed.

Discussion.

Mr. F. W. WHELAN : In the course of his very interesting lecture Mr. Back mentioned the case of a trustee who took over a property which happened to be destroyed on the following day by fire, and when he examined the insurance policy he found that the property was not insured because the premium had not been paid. I should like to know what is a trustee's duty in a case of that kind. Is he liable for the value of the property destroyed, although he may only have had a few hours in which to examine the policy?

Mr. BACK : The answer is that it would be a question of fact as to whether he had been negligent. If he had taken over the property only a few hours previously, possibly he could get out of it, but if he had had a longer time than that he would probably be responsible, because he ought to have seen that it was properly covered.

A STUDENT : Is it a case of fraudulent preference if payment has had to be made in consequence of legal proceedings?

Mr. BACK : No; that would not be fraudulent preference. The essence of preference is in the will to prefer.

A STUDENT : There is another point. Is it an offence for a person who is a bankrupt to obtain credit?

Mr. BACK : If he is obtaining credit for an amount exceeding £10, he must tell you that he is an undischarged bankrupt, or he will be guilty of an offence under the Act.

Mr. W. STRACHAN, Incorporated Accountant : Bankruptcy is a wide subject, and the Lecturer to-night, I think, has given you all he possibly could in the time that was at his disposal. There are just one or two matters that I think might be mentioned, which you will not find in the text-books, but you will meet with them when you come to carry out bankruptcy work in actual practice. First of all, when a trustee is appointed, you should obtain an office copy of the statement of affairs and send every person mentioned in that statement a notice that you have been appointed trustee; that notice must be in a form supplied by the Board of Trade. The notice is to the effect that you have been appointed trustee and that all persons having property in their hands must hand it over to you and that all claims against the estate must be sent to you. It is important that everybody mentioned in the statement of affairs should get that notice. Then, in addition to the Court file, which has been mentioned, there is a correspondence file in the hands of the Official Receiver. He will always lend you that file if you ask for it, and you will find things there that you will probably not find elsewhere. With regard to the committee of inspection, it is always well to consult the committee and get their authority for anything of importance, because it prevents any difficulty afterwards with the Board of Trade. In connection with the case of the auctioneers mentioned by Mr. Back, I think if the committee had been consulted as to the appointment the trustee would not be under any personal responsibility for the appointment so made. It is the same with regard to solicitors—you must get the authority of the committee before appointing them. With

regard to the debtor's books, when you are appointed trustee, you will get the books from the Official Receiver, together with a list which you will have to sign. Do not forget to keep a copy of that list, because when you have to hand over the books in order to get your release, the Official Receiver will require to have returned all the books and papers you received from him. Therefore be sure to keep a copy of the list, so that you will be able to hand back to him all that he gave you. On the other hand, if you have a lot of other books at the end of the trusteeship and you want to get rid of them, you may hand them over to the Official Receiver. He cannot very well refuse them; if he does refuse them, it is for him to say that they can be destroyed. With regard to proofs, my experience is not quite the same as that of Mr. Back. You are supposed to file proofs once a month, but if you file them periodically there will be no difficulty. You must, however, be very careful to deal with the proofs within twenty-eight days, by admitting, rejecting or requiring further information. If you are in any doubt write a letter requiring further information and that will keep you within the law. With regard to committee meetings, they are supposed to be held once a month, but that is not strictly enforced. You must, however, call the committee together for the half-yearly audit, but if you cannot get a quorum, all you have to do is to make a note in the record book and in the cash book that you convened a meeting for such and such a date but no quorum attended. With regard to trust property—that, of course, is not an asset in the bankruptcy. If a bankrupt has been a trustee he still continues to be a trustee. I had a case in which a bankrupt was joint trustee with another person, and also residuary legatee of trust property comprising fairly substantial assets. It was decided in the Court that the bankrupt was still the person entitled to deal with the property and ascertain the residue. The difficulty was overcome by the bankrupt appointing an agent to realise the assets of the trust. The other and final thing I wish to mention is with regard to fraudulent preference. There is a very good test of fraudulent preference and one which I think the Court usually applies. It is this: Was it or was it not the intention of the bankrupt to give a preference? The intention or desire of the party who received preference is not of much importance. If the bankrupt did not intend to give a preference, there may have been a preference, but the man who obtained it will probably get off. If, however, it is proved that it was the intention of the bankrupt to give a preference, then the Court will hold that it is fraudulent.

Mr. G. ROBY PRIDIE (Vice-President) : We have listened to an extraordinarily interesting and very practical lecture, and I heartily congratulate Mr. Back both on the substance and the clarity of his discourse. There is, however, one phase the Lecturer did not touch upon, and that is the point that, although at the statutory meeting of creditors convened by the Official Receiver you may be duly elected as trustee, you are not bound to accept the position. I had an experience of this kind some years ago. I was requested by my client, who was one of the principal creditors, to attend the statutory meeting. The Official Receiver advised the meeting that he was of opinion it would be to the greater advantage of the creditors to appoint a private trustee and not to leave the liquidation of the estate in hands of the Official Receiver. In due course, by a majority vote, I was appointed trustee and subsequently the Official Receiver had an interview with me, but, before handing over the estate he, in the ordinary course, requested payment of his fees. There were no liquid assets available at the time and I was not myself disposed to find the money out of my own pocket—which, by the way, I believe is not one of the various statutory obligations of a trustee in bankruptcy. I, therefore, called a meeting of my committee of inspection, and in putting the position before the three creditors who constituted that committee I mentioned I should experience no difficulty in raising the money through my bankers provided the committee of inspection on their part would give their personal guarantee to the bankers, but to this proposition the committee objected on the

ground that they already stood to lose a fair amount of money on the estate and were not prepared to go further. Unable to obtain the guarantee I desired I declined the position of trustee, and the conduct of the bankruptcy was ultimately left in the hands of the Official Receiver. Two or three years later my client mentioned to me that no more had ever been heard of the estate. In the course of his lecture Mr. Back referred to difficulties arising from technical transactions constituting fraudulent preference. This is an exceedingly difficult phase of bankruptcy proceedings. My firm are interested at the present time in a case where the trustee in bankruptcy has instituted a motion against a private company which the debtor registered very shortly before his bankruptcy, the trustee claiming that the conveyance of certain of the debtor's assets to that company constituted, under the Bankruptcy Acts, a fraudulent preference. The whole difficulty arose in the first instance because the registration of the company was entrusted to a certain gentleman who should not have touched the affair at all. All requisite documents, inclusive of Memorandum and Articles, were drawn up and signed, and cash for the registration fees deposited with that gentleman to enable him to complete the registration in April, but in actual fact the company was not officially registered until the end of September, while the receiving order was made against the debtor early in the November following. I refer to this case as an illustration to show that fraudulent preference may, quite inadvertently, arise through sheer neglect. Another point touched upon was that of "after-acquired property." I would invite the Lecturer, should he feel disposed to do so, to express his opinion on the following case. A certain debtor became bankrupt and ultimately his trustee disclaimed an onerous leasehold property belonging to the estate. In the early stages of the case the trustee was not prepared to adopt this course, but claimed the property for the benefit of the creditors. Certain of the bankrupt's relatives, however, held a prior charge on the property in respect of cash advances made to the debtor. The case being taken to the Court for a decision, it was held that the claim on behalf of the relatives was in good order and valid, and the trustee, not being prepared to pay off the charge, had no option but to disclaim the property. The debtor has never claimed his discharge, but some few years ago the trustee of the bankrupt estate duly obtained from the Board of Trade his discharge from the trusteeship. The property in question is now about to be realised and the net proceeds of the sale are expected to produce a substantial surplus over and above the claim, interest and expenses of the relative who held the charge. The question I would ask the Lecturer is—would that surplus constitute "after-acquired property" of the bankrupt, and, if so, who will be entitled to the excess?

Mr. BACK: I think it would be after-acquired property. It might be possible for the Official Receiver to take action in the matter as the trustee has been discharged, but, if so, I believe the Board of Trade would take it for the Crown, so that the creditors would not have any advantage from this unexpected surplus, even if it were possible to claim it.

Mr. STRACHAN: What, then, would be the effect of the disclaimer? Did the trustee not disclaim the contract?

Mr. PRIDIE: He disclaimed the lease.

Mr. BACK: In that case probably any surplus falls to the mortgagee.

Mr. R. ADAMS: What happens in the case of goods consigned to the bankrupt, when the trustee is appointed?

Mr. BACK: If it was the custom of the trade to supply goods in that way, that would get rid of the presumption that the bankrupt was the reputed owner of the goods, and the person who had consigned the goods would be able to claim them. If not, the trustee could claim the consignment of goods and realise them for the benefit of the creditors.

Mr. W. F. BURCH: I should like to know Mr. Back's opinion as to what would happen if a large debtor refused to pay and an action became necessary to recover the money? If there are not sufficient assets to warrant the

action, can certain creditors guarantee the money? Mr. Back previously said that a trustee's remuneration cannot be guaranteed by a creditor where assets are insufficient.

Mr. BACK: If the committee desire the trustee to go on with the action and a guarantee is given to him to indemnify him for any sums he expends, that guarantee would be quite good. In all probability, however, the trustee would desire, that the cash should be put up from time to time by the various creditors and not be merely guaranteed. I think he would be well advised, also, to ask for the instruction of the Court before going into a High Court action. A trustee can always go to the Court and take the order of the Judge as to what he is to do; but if he decides to go to the Court I would suggest that he should tell the members of the committee of inspection that as and when money is required for Court fees and counsel's fees, &c., they will be the parties to provide the cash. He will then be saved the trouble of having to come down on the guarantors if the action fails.

Mr. H. T. SPEIRS: What do the text-books mean by saying that debts must be of the same degree in the matter of "set-off"?

Mr. BACK: They mean that debts have to have an element of mutuality in them and that the two parties must owe the amount to one another in the same right. Supposing I owe you money and you are a partner in a firm and the firm owes me money, these two debts could not be set-off in a bankruptcy because they did not arise in the same right.

A STUDENT: In the circumstances you have just stated, what would be the effect if it had been the habit of the parties in the partnership to set off debts? Would that be overruled?

Mr. BACK: I think they could not be set off unless the custom was in a form which would make it possible for the individual creditor to sue the firm.

A STUDENT: Could a man rid himself of personal liability by getting an indemnity for all the transactions he undertook?

Mr. BACK: Are you thinking of such transactions as conducting a business?

A STUDENT: Yes; or in any case in which he did not disclaim onerous property.

Mr. BACK: He would not be able to get an indemnity for the consequences of not carrying out his duty. If it were a matter of conducting a business in a case in which it was doubtful if the business could pay expenses, I should think he would decide not to conduct it.

A STUDENT: The Lecturer gave an example of a debtor who was a trustee and who received £500 in cash and paid it into his own banking account. If at the date of the bankruptcy there was no balance at the bank, would the trustee have to pay £500 to that debtor out of money realised from any other property?

Mr. BACK: No; it would only be if the cash representing the trust moneys could be traced.

Mr. W. D. MENZIES (Incorporated Accountant): Supposing there was only £50 in the account, I suppose the trust could claim £50 out of the £500?

Mr. BACK: No, I think not; there would be evidence then that he had been using trust money. The ruling of the Court will be found in the cases *re Hallett's Estate* (1879) and *ex-parte Blane, Re Hallett & Co.* (1894).

A STUDENT: If certain creditors have paid the costs of an action brought to recover a large debt, are they entitled to be repaid that amount?

Mr. BACK: It would be possible to arrange matters so that it would be in the nature of an indemnity, and when the funds were recovered by the trustee winning the action the parties who had made temporary advances could be repaid their advances.

A STUDENT: Has a trustee any right to see such correspondence as a bankrupt might have in his private house?

Mr. BACK: That would raise rather a difficult question, but if there was any reason to believe that the correspondence received at the private address had to do with such affairs as the trustee was interested in, he would certainly be entitled to see the correspondence.

COMPANY REGISTRATIONS AT SOMERSET HOUSE.

The following statistics relating to new Companies registered in England during the year 1933 have been compiled by Jordan & Sons, Ltd., Company Registration Agents, Chancery Lane, London.

Classes.	Public Companies.		Private Companies.		Totals.	
	Number Registered. *	Capital.	Number Registered.	Capital.	Number Registered.	Capital.
		£		£		£
Advertising	2	13,500	199	282,900	201	296,400
Boots and Shoes	—	—	82	400,198	82	400,198
Bricks, Cement, &c. .. .	4	890,000	115	866,400	119	1,756,400
Builders	9	796,000	705	1,794,870	714	2,590,870
Carriers	2	1,000	281	736,450	283	737,450
Chemicals	11	235,850	590	1,412,870	601	1,648,720
Clothing	3	210,500	1,001	2,509,916	1,004	2,720,416
Clubs	30	79,800	77	115,725	107	195,525
Drink	3	1,225,600	92	378,000	95	1,603,600
Electricity, Gas and Water .. .	14	746,107	485	1,075,989	499	1,822,096
Engineers	6	1,395,500	614	3,351,915	620	4,747,415
Farmers and Planters	23	2,396,103	92	459,865	115	2,855,968
Food	15	10,340,800	958	3,838,878	973	14,179,678
Furniture	1	5,000	301	772,899	302	777,899
Glass and Pottery	—	—	57	196,600	57	196,600
Hotels	4	10,000	124	418,600	128	429,200
Insurance	4	—	54	128,400	58	128,400
Investment, Finance and Banks .. .	16	4,316,320	401	6,459,339	417	10,775,659
Jewellery	—	—	79	727,700	79	727,700
Kinemas	11	986,000	242	1,272,290	253	2,258,290
Land and Buildings	27	9,720,215	786	9,588,288	813	19,308,503
Laundries	1	160,000	61	198,000	62	358,000
Leather	2	30,400	85	249,954	87	280,454
Merchants	7	346,000	562	1,878,606	569	2,224,606
Metals	2	25,000	130	1,291,595	132	1,316,595
Mines and Quarries	23	3,465,350	118	3,307,535	141	6,772,885
Miscellaneous	34	95,200	240	374,116	274	469,316
Moneylenders	—	—	21	75,800	21	75,800
Motors	4	50,100	514	1,700,480	518	1,750,580
Music	1	—	53	99,500	54	99,500
Newspapers	1	10,000	35	275,375	36	285,375
Nurserymen	1	7,000	66	184,000	67	191,000
Nursing	6	1,500	61	208,153	67	209,653
Oil	2	300,000	90	236,100	92	536,100
Photography	—	—	58	225,706	58	225,706
Printers	2	100	144	417,830	146	417,930
Publishers	2	130,100	95	364,000	97	494,100
Rails	—	—	7	46,710	7	46,710
Roads	1	—	21	142,600	22	142,600
Rubber	4	176,000	48	531,050	52	707,050
Schools	3	—	27	102,750	30	102,750
Shipping	—	—	99	964,555	99	964,555
Sports	33	835,450	256	534,588	289	1,370,038
Stationers and Paper-makers .. .	7	439,600	170	527,500	177	967,100
Textiles	5	362,500	449	2,916,233	454	3,278,733
Theatres	4	54,000	126	334,150	130	388,150
Timber	—	—	106	531,985	106	531,985
Tobacco	—	—	77	181,300	77	181,300
Totals (for year 1933)	330 *	39,857,295	11,054	54,688,261	11,384	94,545,556
<i>Corresponding figures in 1932</i>	<i>255</i>	<i>17,858,458</i>	<i>9,949</i>	<i>52,346,038</i>	<i>10,204</i>	<i>70,204,496</i>
<i>Corresponding figures in 1931</i>	<i>276</i>	<i>12,726,321</i>	<i>8,109</i>	<i>45,493,435</i>	<i>8,385</i>	<i>58,219,756</i>
<i>Corresponding figures in 1930</i>	<i>328</i>	<i>45,800,535</i>	<i>8,082</i>	<i>57,924,827</i>	<i>8,410</i>	<i>103,725,362</i>

* In this Column are included 80 "Companies Limited by Guarantee" and "Associations Not for Profit" without Share Capital, such Companies being technically Public however small the Membership may be.

The Banker and the Accountant.

AN ADDRESS to the Incorporated Accountants' District Society of Liverpool by

MR. J. M. FURNISS,

General Manager of Martins Bank Limited.

MR. ALEXANDER HANNAH (the President of the local Society) occupied the chair.

MR. FURNISS said: It is the lot of a banker during a long and varied career to come into touch with representatives of every trade, profession and vocation, but it is with the accountant's profession that he probably finds he has most points of contact during both good times and bad. I make no apology for placing my own calling first in the title, and probably in chronological order that is correct, for banking is a trade and accountancy a profession, and without trade there would be no necessity for accountants. Perhaps, therefore, for the purpose of my subject only, you will allow the banker to take precedence. But I find on looking closer into the matter that there is little justification for his assuming that position. Trade, I am afraid, has always been looked down upon by the learned professions, long before Napoleon referred to the English as a nation of shopkeepers (a remark no doubt forced from him by chagrin), even although the learned professions have not disdained from time to time to participate in the benefits that flowed from trade.

If you will look up the correct meaning of banking you will find that it is the business of a banker. A banker is one who traffics in money, and a bank an establishment which trades in money. Therefore a banker is a trader, in money, without any further qualification or pretension.

Now let us turn to the definition of accountancy. Again it is clearly set forth that "accountancy is the profession of an accountant"; while an accountant is one skilled in keeping accounts. You will be pleased to observe that the compiler of the dictionary did not find it necessary to call to his aid the use of the word "skill" in defining the functions of a banker.

But it is on turning to the meaning of "profession" itself that the sharp distinction between banker and accountant is most clearly brought out, for there we read that "profession" is defined as "a vocation, occupation or calling distinct from trade, and such as implies a measure of learning."

THE BUSINESS OF A BANKER.

Having thus brought myself to the appropriate frame of mind in which to address your learned Society, I will endeavour to deal with some of the matters in which we find a common interest. As I have said, the business of a banker is to trade in money and a large part of his business takes the form of lending out his depositors' money. Now, although by law the relations of a banker with his customer are, with certain qualifications, those of debtor and creditor, bankers generally regard themselves as trustees of their depositors' money, and for that reason prudent bankers, in lending, aim at obtaining approved security with ample margin for any advances they may make. It is true, that in endeavouring to achieve this, they are frequently regarded by optimistic enquirers after credit as unsympathetic, and having no regard for the reasonable requirements of their borrowing customers. Bankers, however, know that not to be true, and I believe that the members of your profession, with the privileged knowledge you possess of your clients' intimate affairs, will agree with that statement.

We see it frequently asserted, no doubt by would-be borrowers who have not obtained all they hoped for from their bankers, that the industries of the country do not receive from the banks the support to which they consider they are entitled. Statements such as that are easily made. They are readily taken up and a flood of uninformed criticism of the banks follows. The statements are as regularly refuted by bankers and others who are aware of the true position, but they continue with all the old charges that banking accommodation is not what it was, and that in the old days of the private banker a customer could rely upon much more generous treatment than he receives at the hands of the joint stock banks. I believe the reverse to be the case, and have no hesitation in saying that modern conditions are such that the resources and the willingness to lend of the old private bankers could not have coped with the requirements of present day borrowers. Changed circumstances must be accepted, and it is certain that the bankers of old would have shrunk dismayed at the demands of modern trade and been compelled to adjust their outlook to existing conditions. They were faced with very simple problems compared with those of to-day.

When bankers are criticised for having changed, it should not be forgotten that the customer also has changed. Whereas in the old days to which we are asked to revert, the banker in considering his customer's proposals knew that the enterprise he was being asked to finance would be backed by the entire fortune and energy of the customer, he is to-day more frequently than not required to lend to a limited liability company, without the personal liability of the directors. This is a very different proposition and should in itself account for any change, if such change does exist, in the banker's attitude. It is a remarkable fact, well known to all bankers, that customers who have enjoyed the confidence and support of their bankers during long periods of trading as private individuals, frequently regard it as a want of confidence when, upon their businesses being converted into limited companies, their bankers become a little more cautious and show a desire to restrict credit. It should also be remembered that the directors of a limited company nowadays are not always the same practical men, intimately associated with the business and transactions of the concern, as were the old private partners. They may have been elected for various reasons, no doubt for the good of the company, but the close personal touch has been lost.

If these reasons are not sufficient to account for the alleged change in the banker, further cause should not be hard to find in the very much more complicated nature of commercial operations to-day. One has only to read the columns of the press to realise the pitfalls which beset the banker in his daily work, hedged in as he is by such matters as Government requirements, foreign exchange restrictions and risks, and the necessity for keeping an alert mind upon the latest ruling of the Courts on some aspect of commercial procedure not hitherto challenged; to which should be added the need for increasing care in assessing the moral hazard attached to his business generally, particularly during times of trade depression. It is as true to-day as it was fifty or a hundred years ago that the banker's greatest concern is the character of the man he deals with.

But these insistent applicants for more and longer banking credits entirely ignore, or appear to be ignorant of, the banker's position. It is not that he is unsympathetic or even incapable of understanding the customer's point of view, and appreciating the merits of his business proposals. The simple fact is that the banker

(1)
(2)
(3)
(4)
(5)

regards it as his first duty to see to the safety of his depositors' money, which he knows is repayable upon demand, and for that reason he declines firmly to grant excessive or long-term credits. It is not his province to provide capital for his customers, which may become locked up, but to grant seasonal advances or advances that can be readily discharged, so that he may keep his bank in a liquid position ready to meet all demands that may be made upon him. Even with all his care he cannot escape the ever present risks of trade, but his main policy must be constant, never willingly to lock up his funds, and in carrying out this policy bankers are sympathetic to applications for advances which may be required for capital outlay, when there is a reasonable prospect of repayment from profits, even over an extended period, or from some other source such as the introduction of fresh capital, always provided that they do not surrender the basic principle that their advances like their depositors' money, must be repayable on demand. Few instances, I imagine, can be given where a banker has been known to refuse renewal of an advance of this nature to a credit-worthy customer.

The history of the last few years has not, in the main, found British banking wanting, and we may fairly claim that the banks of this country compare more than favourably with those of other countries where different methods have been followed.

In this connection, the cases of Germany and the United States may be instanced. Not many years ago the banks of Germany and America were held up to British bankers as patterns of what banks should be. We were told that traders in those countries received far more generous and intelligent treatment than that accorded to borrowers in this country. That particular complaint is not heard now, for we know where the policy of direct participation in their customers' businesses, and investment of their funds in real estate and other enterprises, has led the German and American banks, and the disastrous effect it has had upon their depositors' money. The German financial position is not so prominently before the public at the present time, being overshadowed by political events, but as you are aware it is extremely bad; a great amount of foreign capital has been locked up, a moratorium, or to use its new name standstill, has been declared, and the position of its great banks has been seriously impaired. America, however, labouring under the vast experiment of the President, the outcome of which has still to be ascertained, has for some months had the eyes of the rest of the world turned towards her, and there we find thousands of banks closed, their funds hopelessly tied up and their depositors' money in many cases irretrievably lost.

AMERICAN AND GERMAN BANKS.

If, as I believe to be the case, it is true to say that the soundness of our banks after four years of acute trade depression has had a salutary and steadying effect upon the country, politically as well as financially, it is equally correct to point out that the condition of affairs in America is largely due to the weakness of the American banking system. The pass to which the banks in the United States have come is clearly shown when it is realised that at the present time there are five categories of banks in that country.

- (1) Member banks fully licensed.
- (2) State banks fully opened.
- (3) Member banks in the hands of conservators pending re-opening.
- (4) State banks open on a restricted basis.
- (5) Banks actually closed and in the hands of receivers.

This state of affairs has come about usually from the holding of inferior investments and from loans to public bodies and mortgages on real estate, all of which have been found to be entirely unrealisable when the need arose.

It may be accepted as a fact that bankers in Germany and America wish they had modelled their banks more on the lines of our own, and in America we have clear evidence of this in the movement on the part of the banks to divorce themselves from affiliated security companies, and in the consideration they are giving to our branch banking system, involving, as it does, a few very strong concerns and the elimination of the small local bank, which becomes a danger in times of emergency.

It is consoling to bankers in this country to observe that in view of the national recovery campaign which has been organised with such energy in America, but which at the moment is regarded with rather waning enthusiasm, bankers there are now being criticised for their reluctance to make advances. As most of the failures among the American banks in recent years have been due to their lending too freely, and without due regard to security and liquidity, it must be assumed that they are resolved to conduct their banks in future only on the lines of sound banking practice.

THE POLICY OF BRITISH BANKS.

It is to be hoped, therefore, that British bankers will not be tempted to depart from their much abused conservatism and proved traditional methods, which have stood them in good stead during many crises. Abnormal times may require changed methods, and bankers here are not slow to recognise this and adapt themselves accordingly, but, generally speaking, they will be well advised to adhere to the policy which has kept British finance the soundest in the world, and which I would reiterate has, in my opinion, played an important part in keeping the nerves of the country steady in a time of universal unrest. Nothing could be more fruitful of political trouble than distrust of our banking system, and this should be borne in mind when we hear Socialistic claims that the banks should be nationalised, the object being, of course, that the resources of the banks should be used for the furtherance of the schemes of the Government of the day.

It must be said at once that no bank, particularly at the present time when funds are so difficult of employment, will turn down a sound advance, but borrowers must produce satisfactory evidence of the safety of the advance, and it must be recognised that the lender cannot be expected to be as optimistic as the borrower. If anything goes wrong it will be the lender's money that will be lost.

A further criticism at times levelled against the banks is that they are indifferent to the requirements of the small man. Nothing could be wider of the mark. An examination of the advances made by any of our banks will reveal that the vast majority are made to the small customer, and indeed the banks welcome this, for like all prudent traders they prefer their risks to be well spread.

THE BANKER'S CONTACT WITH THE ACCOUNTANT.

I have somewhat digressed in order to refer to the criticism of our banking system. I was dealing with the banker's natural desire to obtain from his borrowing customer approved security for his advances. But the most skilfully devised schemes have a way of developing not quite as they were intended, and no matter how careful a banker may have been in arranging his security, he at times finds that this has fallen in value or even entirely disappeared. He then turns with greater interest than before to his customer's balance sheet, and

it is at this point that association between the banker and the accountant is first established. I will assume for my present purpose that the customer is a company. The auditors of a company are the shareholders' representatives, and it is their duty, presumably, to check the accounts and books of the company and present to the shareholders a balance sheet and profit and loss account which give clearly and correctly a true statement of the company's position at a given date, and its trading over a certain period.

It will, therefore, I hope, be interesting to you to hear how a banker regards these statements, having in mind his anxiety as to the responsibility of his borrowing customer, and I would ask you to realise, as I am sure you already do, that a banker looks at a balance sheet from a very different standpoint from that taken by an accountant, who normally, no doubt, prepares the statement as showing the correct position of the business as a going concern. The banker, on the other hand, must necessarily, if he is relying upon his customer's position as his sole security for repayment of advances, write down the assets to what he considers they would realise under a forced sale.

THE BANKER'S ANALYSIS OF A BALANCE SHEET.

He probably, therefore, first of all looks at the foot of the statement to see if there is any departure from the well known phraseology of the auditors' certificate giving a hint of the necessity for caution. Attention may be drawn, for instance, to the lack of sufficient depreciation of fixed assets or the inadequacy of reserves for bad debts. He likes to see grouped in close proximity, in order to enable him to make a ready computation of the more liquid assets, such items as stock, debtors, investments (of a readily realisable nature) and cash, from the total of which the liabilities can be deducted, showing almost at a glance the liquid position of his customer. If this does not appear altogether satisfactory he turns his attention to the other and probably fixed assets, and the auditors' report, if such is attached to the balance sheet, becomes of more than usual value to him.

Have buildings, plant and machinery been regularly written down? and do they now stand at their real value? are questions he puts to himself. In the absence of any information in the balance sheet or the auditors' report, and bearing in mind that his customer—with the quite understandable desire to make the best impression possible upon his banker—may take a too optimistic view of the value of his assets, the banker liberally depreciates them, his experience being that if the company cannot trade at a profit and its fixed assets are essential to its operations, as in the case of a mill or a factory, and particularly if its trade is a specialised one, its buildings, plant and machinery are practically valueless.

Auditors are not usually expected to value their clients' stocks for balance sheet purposes, and consequently we frequently see the statement that values are as certified by the company's officials. It is therefore necessary to take into consideration the basis of the valuations and the competency of the officials to make them; and unfortunately there is also the risk of dishonesty. Of course, the banker is at times informed that stocks are written down to well below cost or market price, but again, in the absence of definite information, he depreciates them, knowing from experience how values have a way of disappearing in the unfortunate event of forced liquidation.

Debtors may or may not be good. They may be in many or few hands. If the latter, the risk is of course greater, and information on this point is sought by the banker. They may be all British, or if the customer

is an exporter they may be mainly foreign; a vital matter in present world conditions, with exchange restrictions operating in many countries, for the debts may be "blocked" and the customer's capital largely locked up, if not lost. The banker therefore examines the balance sheet and report to see what the accountant has to say in this respect.

The item Debtors does not now, owing to the requirements of the Companies Act, include loans to directors, officials and associated concerns. Formerly it at times came as an unpleasant surprise to a banker, who was under the necessity of requiring an analysis of the debtors of a customer, to find this item—an important, and usually regarded as a liquid, asset—considerably swollen by money borrowed by directors, officials or subsidiaries of the company. Loans of this nature are frequently found to be difficult of repayment, and are consequently looked upon by the banker with disfavour.

Investments may consist of quoted securities, or they may take the form of an interest in a subsidiary company or companies. In the latter case the banker naturally wishes to obtain the balance sheets of the subsidiary companies in order that he may see the nature of the investments, and ascertain their value; he is particularly interested in any interlocking finance and as to whether the dates of the balance sheets of all the companies in the group synchronise or not; a matter of great importance, and one which, I understand, is engaging the attention of accountants at the present time.

Goodwill, as an asset, a banker perforce disregards, for in the event of liquidation the value of this item, as a rule, entirely disappears.

The liabilities of a banker's customer do not, of course, present the same difficulties to him, for he in the main takes them as stated; but debentures are danger signals, and mortgages and liability for taxation inconvenient. The former may be called in, and I need not dwell upon the unwelcome and unremitting attention of the tax collector. Loans and trade creditors may also be embarrassing, especially if they are in few hands, but particularly the former as lenders have a way of requiring repayment at inconvenient moments.

The banker is, above all, concerned that what I assume to be the accountant's acknowledged aim in auditing a balance sheet, is faithfully carried out, namely, that all material facts are clearly stated; and he regards this as especially essential in the case of groups, where holding and subsidiary companies are concerned.

It is difficult for a banker, or anyone else, to obtain a correct view of the position of many "group" companies from the balance sheets, in the form they are published. This, of course, is not the fault of the auditors, and no doubt in due time a further step forward will be made on our way to production of the perfect balance sheet. Consolidation may be the desirable way, but it should undoubtedly be possible to estimate exactly a company's position by examination of the balance sheet.

RECONSTRUCTIONS AND AMALGAMATIONS.

It is worthy of note, as emphasising how closely the interests of bankers and accountants are related, that practically every change which the law has required of you, as accountants, have insisted upon in recent years in the construction of your clients' balance sheets, had previously been regarded by bankers as essential, and while not wishing in any way to claim undue credit, bankers may be forgiven if they hope that some weight may have been attached to their representations in bringing about the desired reforms.

It is, however, when trouble arises that the accountant is brought into closer touch with the banker and that

skill, to which I have referred, is used to the advantage both of banker and customer. Management may have been slack, and as a consequence bad contracts, both as to buying and selling, entered into; costing systems may be wrong or even non-existent, and drastic economy may be necessary. Plant may be inefficient and require modernising or renewing. In short, the company may require complete reorganisation. Or, again, it may have been tempted owing to prosperous times to over-trade and increase its commitments until its liabilities are beyond control. A set-back in trade may ensue and find it carrying heavy stocks, the demand for which has entirely fallen away. A "frozen" position is the result, and this is typical of many cases which bankers could instance at the present time. If liquidity in banking is essential, it is equally necessary in the customer's business. It is then that the advice, and even actual co-operation of the accountant, in the company's affairs, is sought, and when competently given this may, and frequently does, result in financial rehabilitation.

If proof of this be required, we have only to review the history of the last few years during which accountants have been called in to unravel the tangled affairs of many post-war amalgamations and flotations. It is not necessary to recite names. They are prominently and tragically before us. The part played by the accountants' profession in their reorganisation is beyond praise, and it is largely due to those efforts that we owe the continued existence of many important undertakings, even although in the process of reconstruction a vast amount of capital may have had to be written off. Bankers readily acknowledge the debt they owe accountants in this respect, and freely avail themselves of the skilled services which the profession places at their disposal.

In a recent action brought by the Inland Revenue Authorities, an unsolicited testimonial was given to the accountants in the case by the accused, when he said that auditors were always trying to pry into other people's affairs. I do not know whether you yourselves would describe your functions in that way, but if at any time it is a banker's unpleasant duty to have to place a customer's affairs in your hands, a thorough investigation of the kind no doubt in the mind of the gentleman I have referred to becomes a necessary part of the procedure, and the more you pry into a company's affairs the better chance is there of its being restored to a sound footing.

My reference to amalgamations in the industrial and commercial world impels me to comment, in passing, upon those which have taken place among the firms of your own profession, in which organisations of world-wide dimensions have been built up in order to cope efficiently with the affairs of the gigantic corporations which you are called upon to audit.

UNDERSTATEMENT OF VALUES.

But balance sheets sometimes err, if it can be regarded as erring, in quite another way. The chairman of an important company recently stated at the annual meeting that all balance sheets were deceptive, and the more respectable the company the more deceptive the balance sheet. He may have had in mind the strength of his own company's position, and the shareholders, being of the same opinion, received the remark with good humour. Presumably the auditors were at the meeting, but it is not recorded what view they took of the statement. Most probably they also received it with composure, and if the company's bankers were present, I expect they would be consenting parties, but it is a subject to be pondered upon as to how far the strength of a company should remain undisclosed to its shareholders. The matter is not

one fully defined by law, although there are certain directions laid down in the Companies Act, but the sound sense of directors as a whole, coupled with the restraining hands of the auditors, is in practice, no doubt, sufficient to ensure that a high standard of commercial integrity will prevail, notwithstanding occasional lapses.

These remarks are not intended to be a comprehensive address upon balance sheets. It would be presumption on my part to stand before you with that purpose in my mind. My comments, as I mentioned earlier, are merely an endeavour to show you how we, as bankers, regard those interesting documents which proceed from your hands. There are many aspects other than those I have alluded to which will occur to you, such as the specialised accounts of collieries and shipping companies, but I trust I have said sufficient to demonstrate to you what an important part the balance sheet plays in the relations between banker and customer, and how essential it is to the banker that the balance sheet should, in the words of your own certificate, give a true and correct view of the customer's position.

ACCOUNTANCY WITHIN A BANK.

It will not, I think, in an address bearing the title of "The Banker and the Accountant," be inappropriate to refer to accountancy within a bank, and the changes which have been introduced during recent years, and which are still almost daily taking place. During and immediately after the war great strain was thrown upon the staffs of banks by the many Government issues and requirements, by banking amalgamations, and lastly, and probably most heavily, by the loss of experienced men who had joined the Forces and had to be replaced by inexperienced workers and women clerks, many of whom had not hitherto had any contact with office life.

New methods had to be thought out, and it was not unnatural that such a field presented a golden opportunity to the ingenuity of the inventor. In recent years, therefore, the introduction of mechanised book-keeping has revolutionised banking routine in the larger offices. In some cases pens and ink have virtually disappeared, and, from the start at the counter to the finished statement for the customer, all the processes of recording and balancing entries are performed by machines. There may be mixed views on this remarkably rapid development in institutions noted for their conservatism, but at least it is evident that the banks of this country are alive to the need for adaptability, and alert to take advantage of the comparatively new science of business organisation. British banks have spent probably over a million pounds on book-keeping machines and it may be assumed that economies are commensurate with the outlay. The work of the day is balanced in easy stages, and the new generation knows nothing of the toil and drudgery of searching for errors, by calling back and checking additions by mental effort which so often disappointed the older bank clerk of his leisure. The work is found to be congenial to women clerks, and the men can be reserved for more responsible duties of supervision which fit them for administration and management. The outstanding feature of the system from the customer's point of view (which, it is interesting to me in your presence to record, did not at first meet with the whole-hearted welcome of accountants, but which is happily now, I believe, accepted as a boon) is the customer's statement in lieu of the former passbook. Most banks now provide clearly typed particulars instead of symbols, and customers have learned to appreciate the fact that their statement is always ready for them, written up to date, instead of their having to wait, as formerly, while entries were copied into a passbook. The statement plays

a most important part in the system, as it is a fair copy of the transactions of the day, and in its production figures are aggregated which give proof of the correctness of the whole work. Moreover, as a factor in an audit of the bank's books, it has the utmost value, for a statement sent to every customer after being independently compiled is regarded as a safeguard to the accuracy of the ledgers.

There are many types of machine, other than those used in ledger posting, doing intricate work in all the banks of the country. Most of them will already be known to you as being in use in your own offices and in the various organisations which come before you in the exercise of your duties, but if any of you are interested in seeing the machines in a bank in actual work, it will be a pleasure to me to arrange for you to do so.

We frequently see the mechanisation of accountancy deplored, and it is regrettable that machines should displace men, but progress and competition and the continual search for efficiency demand new methods. We cannot in accountancy any more than in other directions be content with the old ways, and it is certain that scientific methods eventually open up other avenues of employment.

CRITICISM OF BANKS.

It is at times said that banks prosper whether trade is good or bad. That is a fallacy, probably fostered by the comparative steadiness of banking dividends. The truth is that banks suffer with bad trade just as their customers do, but it has been the long-established custom of banks in this country to put something by in prosperous times for the proverbial rainy day. How wise that course has been is proved by the position of our banks to-day, but it is unfortunate that anyone should have the impression that the soundness of that position is due to a prosperity achieved during a period of general trade depression. The banks to-day are going through a lean time, but they are fulfilling their mission to the public they serve, and they stand ready to assist trade to the utmost when the demand comes.

Incidentally, I may say that much of the criticism which our banking institutions have to meet appears to be prompted by an unreasoning envy of their strength. I submit that that is a position which the public at large should applaud; at any rate it is one which bankers themselves view with pride.

If I may still link the banker and the accountant, you will probably forgive me when I suggest, after my remarks upon the usefulness of the accountant to the banker during bad times, that it may be alleged that the accountant has not exactly gone without his bread of recent years, but he has earned it, and he has certainly been, to my own knowledge, overworked.

TRADE RECOVERY.

I do not know whether you regard yourselves as more prosperous during these days of depression than during boom periods, but I am sure that you, along with bankers, are eagerly looking forward to the trade recovery which we are assured from various quarters, perhaps a little too optimistically, is almost in sight. The encouraging features are that unemployment, if slowly, is gradually decreasing; the Government's finances have been placed upon a sound basis, with balanced budgets, attained it is true largely by keeping taxation at an abnormally high level, but assisted by the enormous saving in interest due to the successful conversion of the War Loan of over £2,000,000,000; and trade returns, including our export trade, are showing improvement. But probably the most satisfactory feature of all is the feeling of confidence which appears gradually to be returning to a country tired of years of depression. We undoubtedly have

some way to go before the desired end is reached, and until we can get rid of political and international difficulties, including war debt, disarmament, tariff and exchange questions, which are hindering the natural course of trade, the return to world prosperity cannot be assured. The clearing away of these problems appears to be an almost insoluble task. I have called them political difficulties. Many of them are really not political problems at all. They are business matters, and if they could be dealt with as such their solution would be all the easier. There is no doubt that a strong opinion exists among informed circles on both sides of the Atlantic that the cancellation of war debts would go a long way towards bringing about world recovery, but it is difficult to convince the ordinary public in America, who are going through a time of great trade depression, that it would be a wise thing to forgive their debtors, and consequently no President who values his popularity dare openly advise that course. We must therefore reconcile ourselves to further discussions and conferences while America, having obtained the bulk of the world's gold, and raised tariffs against our goods, renders it impossible for us to discharge the debt she demands.

Disarmament is like Free Trade; good so long as it is practised by everyone. The difficulty is to satisfy the fears and ambitions of individual nations. How, for instance, on the one hand to give security to France, and on the other equality to Germany.

These three outstanding questions, war debts, disarmament and tariffs, more than anything else, are holding back the progress of world recovery. Until they are settled it appears hopeless to look forward to the free flow of international commerce, and it should be remembered that to Great Britain, more than to any other country, is this free flow of trade essential.

Who then is to take the leading hand in reconstructing the balance sheet of the world? Is it to be some super banker or accountant, or is it to be left to the bold stroke of a dictator? Most countries are trying the latter method with varying degrees of success; some, like France, will not face the issue, and are confronted with unbalanced budgets due to their reluctance to levy taxation and effect economies. America still struggles with the new economic and monetary policy launched upon her, while doubt as to its wisdom is giving place to certainty of its failure.

It is said of the early traders who put out on voyages of discovery on uncharted seas that they steered "By God and by guess," in the course of which they came across America. It is fitting, therefore, that it should be left to an American President of the twentieth century, putting aside the delicately adjusted financial machinery at his disposal, to revert to the sixteenth century and embark on a voyage of unknown destination, with the courageous but dangerous methods of "By God and by guess."

In this country, notwithstanding irritating Government restrictions on trade, and what we all consider excessive taxation (both of which we should regard as part of the distasteful but necessary cure we are undergoing), it can be said that the people are, by legitimate, well-considered, orderly and normal means, gradually rising out of the long depression.

Mr. Norman McKellen, Incorporated Accountant, has been presented by the Manchester and District House Builders' Association with a cabinet of cutlery as a token of the members' appreciation of his services to the Association since its foundation.

Incorporated Accountants' Bradford and District Society.

ANNUAL DINNER.

The annual dinner of the Incorporated Accountants' Bradford and District Society took place on January 26th, at the Midland Hotel, Bradford, when Mr. R. H. B. Heap, President of the District Society, presided over a large attendance of members and guests.

The guests included the Lord Mayor and Lady Mayoress of Bradford (Captain and Mrs. A. W. Brown), Mr. Richard A. Witty (Member of the Council and Vice-Chairman of the Examination and Membership Committee) and Mrs. Witty, the Mayor of Keighley (Councillor Ernest Whalley), Mr. H. Holdsworth, M.P., Mr. Jos. Hepworth, M.P., Mr. N. McQueen (President of the Bradford Incorporated Law Society), Mr. J. W. McRaith, M.B.E. (Inspector of Taxes), Mr. W. H. Suddards, J.P. (President of the Bradford Chamber of Commerce), Mr. G. H. Eady, M.P., The Rev. G. R. Feakin, Mr. C. W. Bell (President of the Bradford Auctioneers' Institute), Mr. Donald Bottomley (President of the Insurance Institute of Bradford), Mr. Bernard A. Bates (President of the Leeds and District Society of Chartered Accountants), Mr. H. Richardson (Principal of the Bradford Technical College), Mr. Saville Smith (President of the Bradford and District Chartered Accountants Students' Association), Mr. J. B. W. Haynes (Joint Hon. Secretary of the Bradford Law Students' Society), Mr. A. A. Garrett, M.B.E., M.A. (Secretary of the Society of Incorporated Accountants and Auditors), Mr. A. B. Griffiths (City Treasurer of Sheffield, President of the Incorporated Accountants' District Society of Sheffield), Mr. W. H. Stalker (President of the Newcastle-upon-Tyne and District Society), Mr. Joseph Turner (President of the Incorporated Accountants' Society of Manchester and District), Mr. Halvor Piggott (Joint Hon. Secretary of the Incorporated Accountants Society of Manchester and District), Mr. A. H. Crumpton (Hon. Secretary of the Incorporated Accountants' Hull and District Society), Mr. T. W. Dresser (Hon. Secretary, Incorporated Accountants' District Society of Yorkshire), Mr. J. E. Spoors (Hon. Secretary of the Newcastle-upon-Tyne and District Society), and Mr. Thomas M. Rhodes (Hon. Secretary, Incorporated Accountants' Bradford and District Society).

Mr. HERBERT HOLDSWORTH, M.P., proposing the toast of "The City of Bradford and District," said it was a pleasure to propose this toast in a time when trade and industry had taken a definite turn towards improvement—an improvement largely due to remarkable courage maintained by all sections of industry throughout the difficult years through which the country had been passing. Whilst it would hardly be true to say we had completely surmounted our difficulties, it was true to say there had never been a time when the problems of industry had been faced with more tenacity of spirit and sincere desire to overcome the many obstacles and unprecedented problems which had arisen. In the textile area of Yorkshire there had been no "rigging" of the markets; there had been practically no financial jugglery. Very little had been seen—perhaps fortunately—of that much-talked-of rationalisation of which so much was heard a few years ago. The units of industry had in the main been small enough to meet any change in circumstances of fashion and public demand. What of the future? We must not get a wrong perspective just because there was a turn for the better. Even in these days of comparative prosperity there remained a tremendous volume of unemployment; work could only be

found by extension of trade. The question worrying the country more than anything to-day was that of the international situation, and it seemed to him that the future lay not so much in the hands of industrial magnates and workers as of the statesmen. There never was a time when the nations had a better opportunity of regaining prosperity—a time when there had been remarkable development in the realms of science and when there was really an abundance of products. The problem of production was largely solved. The problem awaiting solution was that of distribution, and it could not be solved until the nations were prepared to release themselves and each other from the many shackles which had been built up and were harassing commerce to-day. (Applause.)

The LORD MAYOR OF BRADFORD (Capt. A. W. Brown, M.B.E.), responding, congratulated the Bradford District Society on the fact that the first lady admitted as an Incorporated Accountant (Miss Claridge) was one of their members, and said that he was glad to note the presence that evening not only of Miss Claridge and others of a family long esteemed in the Society, but also of Miss Doris Pearson, another Bradford lady who was an Incorporated Accountant. (Hear, hear.) The Lord Mayor said he had been in business long enough to recall that there was a time when the accountant was expected to content himself with figures given him by the business man. To-day the accountant wanted to know so much that old-type business men began to regard him as a nuisance. (Laughter.) Every firm to-day should have the regular services of an accountant; if they did not, then God help them when they came up against the Revenue people. (Laughter.) Accountants to-day were definitely recognised as an integral part of commercial life. The costs of accountancy service were not only legitimate and necessary forms of business expenditure, but more than earned themselves by the increased efficiency which proper accountancy methods brought to the firm. The modern accountant was a consultant and adviser; he should be entitled to advise his client fully and frankly—even, if necessary, to the extent of telling him he was a fool in his policy. (Laughter and applause.)

The MAYOR OF KEIGHLEY (Councillor Ernest Whalley, J.P.) also responded to the toast. He said he was glad to know that conditions in his district had so far improved that in three years the unemployment numbers had been reduced from 7,000 to 2,000. If they would drop the cry of depression they could realise they had turned the corner on the road to prosperity. They might well, he thought, hear a little less of the "Buy British" slogan and a little more of "Sell British." (Applause.)

Mr. N. McQUEEN, D.S.O. (President of the Bradford Incorporated Law Society), proposing the toast of "The Society of Incorporated Accountants and Auditors," said that in his fourteen years' professional life in Bradford he had enjoyed the professional co-operation of many members of the Society and much appreciated the opportunity of meeting them in a social environment that evening. He, like them all, greatly regretted that Mr. E. Cassleton Elliott, the President of the Society, was unable to be with them, owing to his recent unfortunate accident, and they all wished him a speedy recovery. (Hear, hear.) He was afraid a good many members of the public had quite a wrong conception of the life of an accountant, just as they had of that of a lawyer. They seemed to imagine the lawyers spent their lives in trying to create more and more legal ways of preventing the public doing what they wanted to do. Similarly, they had an idea that accountants spent their time indolently adding up figures and checking accounts,

eventually seeing with a certain amount of glee that all those nice things the business man hoped to write on the credit side of his accounts could not be written there in peril of eternal damnation. (Laughter.) The one thing a good many members of the public were hesitant to admit was that the professional man's objective was to help the business man to get the best out of his business. (Hear, hear.) There were, continued Mr. McQueen, many happy moments to be enjoyed in professional co-operation between lawyers and accountants—even in such distressful matters as liquidations, of which a few years ago they had all too many. He was one of those—and he believed they were many—who held the view that the improvement in business conditions and the present industrial optimism were due in no small measure to the fact that the commercial world had made and was making more use of accountants than in the past. (Hear, hear.) Members of that profession had done a great service in inducing clients to realise more fully the importance of correct costing methods, keeping down overheads, and putting business people into the way of making claims for taxation relief where a beneficent Government had still managed to leave some avenues of relief for those with sufficient intelligence or skilled guidance to see them. He had been reading some reports of the Society of Incorporated Accountants, particularly with regard to its examinations, and had been much impressed by the width of scope of the subjects on which the candidate had to fit himself. He had, indeed, been tempted to contemplate the possibility of leaving the overcrowded legal profession and taking up accountancy, until he saw what was required of the budding accountant—and then he changed his mind. (Laughter.) Mr. McQueen said he was glad to notice in the recent New Year Honours list that the public services of an Incorporated Accountant, one of their Past-Presidents, had been recognised by the honour of a knighthood conferred on Sir Thomas Keens, one of the most esteemed members of their profession, and also that their Secretary, Mr. Garrett, was to receive the M.B.E. (Military). (Hear, hear.) The Society was to be congratulated on the close relationship between the Parent Body and the District Societies. To the students he would like to mention that the standard of the learned professions stood nowhere in the world higher than in this country, and they were being called to a great occupation in life. To maintain the traditions of a professional body, the impeccable integrity and a growing standard of business ability, was absolutely the life-blood of their profession. Their Society was comparatively young, but in the time it had been incorporated it had gone very far to maintain those traditions and standards. Its future lay in the hands of the younger people, but all the evidence pointed to its being in safe hands. (Applause.)

Mr. RICHARD A. WITTY (Member of Council and Vice-Chairman of the Examination and Membership Committee), responding to the toast, said he had responded to or heard that toast proposed a good many times, and often by members of the legal profession, but never before had he heard it proposed in language expressing so well the warm friendship existing between the law and accountancy. (Hear, hear.) When they remembered that Accountancy was a babe in age as a profession by comparison with that of the Law, they valued that friendship all the more. The whole story of the evolution of the qualified accountant from the book-keeper was really rather fascinating. One supposed the book-keeper as such had carried on his calling for many centuries without much alteration in his status or his services, and there was no doubt that the profession of accountancy, as known to-day, took its root from the germ of scientific

method which lay in double entry book-keeping. After that, the enormous and ever widening demand for skilled service and financial guidance, and the continuously growing interdependence of the commercial world on skilled advice, very rapidly developed the profession as known to-day. One thing of which they could be quite certain was that the commercial world was going to put still greater calls on the accountancy profession. Accountants were not going to deny that nor regret it. (Hear, hear.) He wished to add his own expression of regret that the President of the Society, Mr. E. Cassleton Elliott, had been unable to come to Bradford owing to his accident, but that happening had, at any rate, afforded him (Mr. Witty) an opportunity, to which he had long looked forward, even in the days when he used to work in the Society's affairs in company with that esteemed Bradfordian and leader in the profession, the late Mr. William Claridge. (Hear, hear.) The general subject of the professional education of the accountant, proceeded the speaker, was ever occupying the minds of the Council of the Society. It was a matter which was more or less divided into two branches—first, the education of the student up to the time of passing the Final examination; and, secondly, and even more important, the education of the qualified Incorporated Accountant himself. As a member of the Society's Council and one of the examiners, said Mr. Witty, he made it his duty to become acquainted with the examination systems of every other body of accountants, not only in this country but in others as well, and he was prepared to say without fear of contradiction by anybody qualified to judge that there was no body of accountants in the world which demanded a higher standard from its Final candidates than did the Society of Incorporated Accountants and Auditors. That, he admitted, was a statement which, whilst perhaps giving pride to those who had passed, might not be viewed with much anticipatory pleasure by those still looking forward to the Final, but it was nevertheless, a goal at which they might well be proud to aim. (Hear, hear.) Testimony to the high standard of the examination lay, perhaps, in the fact that at the last Final examination only 44 per cent. of the candidates succeeded in satisfying the examiners—a figure which he believed he was correct in saying was the lowest percentage the Society had ever had. He could assure them that every test was made to see that there was no undue variation in the standard of the papers or variation in the marking, and the only conclusion the Council had been able to reach in respect of that low pass list was that it was a direct reflex of the wonderfully fine summer of 1933. He said that in all seriousness, for they all knew what a summer it was and the tremendous temptation to be out of doors when in a normal summer evening study would have been much less of a sacrifice. To those who were unfortunate enough to fail, he would quote as a word of encouragement the essence of what was, he believed, an old French proverb, "Every path to glory is laid in purgatory." The only real failure in life was ceasing to try. (Hear, hear.) Turning to the matter of education of those who had passed the Final examination, Mr. Witty said it was fully recognised that by the time a person reached that stage he or she felt entitled to relax, even though one realised that the passing of the Final examination was but the beginning of the career. It was a feeling with which they all had every sympathy, but it was one which they must do their utmost to combat. It was absolutely essential that every member of the Society should keep in constant and close touch with every subject that came into the daily life of the public accountant. Many suggestions had been advanced in this connection in the past. It had been suggested

that the Society ought to have a separate examination for Fellowship. It had been suggested they ought to go still further to an examination for a higher qualification of "doctor" of accountancy for those who wished to prove their possession of a superior knowledge. It had also been proposed that the Society ought to take a more definite part in the education of the members, more particularly after they had passed the Final qualifying examination. These things had not been left to lie unattended on the table. All these suggestions and ideas had received definite and careful consideration, and it was only because practical difficulties had been too great that they had not been able to do much with them in the past. The whole position was altered since the development of the wonderfully complete and efficient system of District Societies, which gave the Society the immense advantage of a personal contact with every member. A Committee of the Council was at present considering a very definite and concrete proposal for the creation of a short course of intensive study to be limited to actually qualified members of the Society. This would be supplementary to, and not in place of, the very fine work already being done by the District Societies. The Council recognised the good work the District Societies were doing, but the members themselves would no doubt realise that the compilation of a syllabus of lectures and meetings twice a year did not entirely fill the bill. If the scheme he had mentioned came to fruition—and he, personally, had little doubt that it would—the Council would look to the District Societies to help in overcoming the obstacles which had hitherto seemed insurmountable. In conclusion, Mr. Witty said it had been very gratifying to them all to see the name of Sir Thomas Keens, one who was well known to the profession in Bradford, in the New Year Honours List. Sir Thomas himself, only a few days previously, had asked him to convey his warm greetings to the Bradford District Society at their dinner. (Applause.)

Mr. R. H. B. HEAP (President of the District Society) proposed the toast of "Our Guests." Mr. Heap made special mention of the general regret at the absence of Mr. Cassleton Elliott, the President of the Society, and particularly at the reason for it, but they were glad to welcome a very fine substitute in Mr. Witty, who had generously come at short notice. They were glad, as always, to welcome Mr. Garrett, their Secretary, and the members of kindred professions. Mr. Heap said the Bradford District Society took pride and pleasure in the introduction of women to their ranks. (Applause.)

Mr. J. W. McRAITH, M.B.E. (Inspector of Taxes, Bradford), and Mr. A. B. GRIFFITHS, F.S.A.A., City Treasurer of Sheffield and President of the Sheffield and District Society, responded to the toast in humorous terms. Mr. Mcraith likened the gathering to a professional audit, remarking that the guests appreciated the stamp of approval placed on them by Incorporated Accountants, and felt they would leave the room audited and found correct. (Laughter.) Accountants had a good deal to do with forming companies, but they in Bradford had never formed a more successful company than the one that evening, in which the visitors found themselves in the dual position of both shareholders and debtors, though he hoped they were regarded as good debtors. Speaking as a member of the general community, Mr. Mcraith said it was a privilege to have an opportunity of expressing the community's thanks to accountants for the valuable service they rendered. They had undoubtedly had a great deal to do with the development of that spirit of confidence on which successful commerce so much depended. (Applause.)

A toast and tribute to the Chairman by Mr. W. H. STALKER, A.S.A.A., President of the Newcastle-upon-Tyne District Society, and a brief response by Mr. HEAP, brought the gathering to a close.

ACCOUNTANT OFFICERS, ROYAL AIR FORCE.

The Air Ministry announces that an examination will be held about the middle of March, 1934, for the entry into the Accountant Branch of the Royal Air Force of qualified and experienced civil accountants. Three vacancies are likely to be available. Candidates must have attained the age of 22 and not have attained the age of 26 on July 1st, 1934. No relaxation of these age limits will be permitted in any circumstances.

The competition will be held in London by the Civil Service Commissioners, and will include (1) an interview before a selection board at which stress will be laid on accounting experience and special weight given to the type of experience provided by article service; (2) an examination in English and general knowledge (essay, précis and questions to test knowledge of matters of general interest); and (3) an examination in book-keeping and accountancy (excluding partnership and executorship accounts), the standard being that of the Final examinations of the Institute of Chartered Accountants and the Society of Incorporated Accountants and Auditors.

The emoluments of an Accountant Officer consist on the one hand of pay and on the other of accommodation, fuel, light, rations and personal attendance provided in kind. When the latter are not available cash allowances are granted in lieu. The total of the pay and cash allowances of Accountant Officers ranges at present rates from about £360 a year for an officer on first entry to £1,116 a year for a married officer in the highest rank.

The Accountant Branch provides a permanent career. It is not, of course, possible to pledge the future, but so far as can be foreseen the Branch will be subject to no sudden changes affecting adversely the fortunes of its officers.

Officers enter the Branch on probation with the rank of Pilot Officer, and after twelve months satisfactory service are confirmed in their commission and promoted to the rank of Flying Officer. Thereafter promotion is by selection. The next ranks are Flight Lieutenant and Squadron Leader, and it is contemplated that officers who give satisfactory service should be promoted at least up to the latter rank, while a reasonable proportion would be able to expect promotion to the higher rank of Wing Commander and some to the rank of Group Captain. It must be understood, however, that promotion depends on requirements, and requirements on future circumstances, but the policy of the Air Ministry is directed to ensuring to Accountant Officers a career not inferior to that indicated above.

The length of the career provided depends on the rank attained. The compulsory retiring ages, which are subject to variation, are at present—for Squadron Leaders 53, for Wing Commanders 57, and for Group Captains 60; any officers not attaining the rank of Squadron Leader would be retired at the age of 50.

Application should be made to the Secretary, Air Ministry (S.7), Kingsway, London, W.C.2, for the regulations and for application forms. Completed application forms should reach the Air Ministry at latest by February 15th next.

District Societies of Incorporated Accountants.

BENGAL.

A successful evening was spent at the Continental Hotel, Bengal, on December 11th, when the members and students of the Bengal District Society held their first dinner. The attendance was very satisfactory. Reference was made to the advantages that would accrue if all Incorporated Accountants and students in the Province would join the new District Society.

SOUTH OF ENGLAND.

SYLLABUS OF LECTURES, 1934.

At Blue Peter House, 10, Portland Terrace, Southampton:—

1934.

- Jan. 22nd. "Process Costing," by Mr. W. H. Stalker, A.S.A.A., F.C.W.A. (President, Newcastle-upon-Tyne District Society).
 Feb. 15th. "Examination Hints on Company Accounts," by Mr. W. H. Grainger, F.S.A.A.
 Mar. 10th. Joint Meeting with Institute of Municipal Treasurers and Accountants. Subject matter of lecture to be arranged.

At Hotel Metropole, Bournemouth:—

1934.

- Jan. 23rd. "The Economics of Costing," by Mr. W. H. Stalker, A.S.A.A., F.C.W.A. (President, Newcastle-upon-Tyne District Society).
 Feb. 16th. "Investigations," by Mr. W. H. Grainger, F.S.A.A.
 Mar. 20th. "The Progress of Mechanical Accounting," by Mr. C. Ralph Curtis, M.Sc. (Econ.), F.R.Econ.S.

At General Buildings, 14, King's Terrace, Southsea:—

1934.

- Jan. 24th. "The Gold Standard," by Mr. C. Ralph Curtis, M.Sc. (Econ.), F.R.Econ.S.
 Feb. 14th. "Investigations," by Mr. W. H. Grainger, F.S.A.A.

SOUTH WALES AND MONMOUTHSHIRE.

(CARDIFF AND DISTRICT STUDENTS' SECTION.)

Mr. Noel Cliffe occupied the chair at a meeting held on January 11th, 1934. An interesting and practical lecture was delivered by Mr. H. B. Meredith, of Barclays Bank, Ltd., who took as his subject: "Some Practical Points on Banking," and covered a great deal of ground in the time at his disposal. Special reference was made to the production of Bank balance-sheets so promptly after the end of the year. Many questions were submitted to the Lecturer, who dealt with them in a helpful manner.

Reviews.

Murray and Carter's Guide to Income Tax Practice.

12th Edition. By Roger N. Carter, F.C.A., and Herbert Edwards, M.A. London: Gee & Co. (Publishers), Ltd., 6, Kirby Street, E.C.1. (834 pp. Price 30s. net.)

In revising and bringing this work up to date, Mr. Carter has had the assistance of Mr. Edwards, who was for many years a Senior Inspector of Taxes. Obsolete matter has been eliminated, and many practical examples have been added; also a chapter on Corporation Duty. In other respects, the work is on the same lines as hitherto, and covers the whole range of Income Tax and Sur-Tax Law and Practice.

Procedure at and Law relating to Meetings. By Frank Shackleton, F.C.I.S. London: Sweet & Maxwell, Ltd., 2-3, Chancery Lane, W.C.2. (436 pp. Price 15s. net.)

Whilst this book is devised primarily for students entering for secretarial examinations, it contains a good deal of information of value to the practitioner. Part I deals with the common law rights regarding meetings, Part II with case law decisions relating to meetings, Part III with the conduct of public meetings, and Parts IV and V with the statutory provisions applicable to public meetings and meetings of registered bodies, as well as meetings connected with the winding-up of companies, information being given as to procedure generally and especially in regard to motions and resolutions. A useful feature is the examples given of Agenda for meetings and of the Minutes relating thereto. At the end of each chapter there is a selection of examination questions of different examining bodies which the student will find useful for the purpose of testing his knowledge. Appendices to the book contain extracts from various statutes bearing upon the subject.

Income Tax Summarised. 2nd Edition. By W. Barrie Abbott, B.L., C.A. London: Gee & Co. (Publishers), Ltd., 6, Kirby Street, E.C. (114 pp. Price 5s. net.)

The author of this little book gives a very useful summary of the law and practice of Income Tax and Sur Tax stated in simple language, and with useful examples showing the working out of computations and claims under varying circumstances. In the ordinary course, summaries of Income Tax practice are not very valuable, but Mr. Abbott has succeeded in elucidating some of the difficult points which arise in relation to claims for losses, repayment claims, and taxation in relation to trust estates, &c. The appendix to the book contains also the arrangements respecting the taxation of building and co-operative societies, &c.

Taxation of Non-Resident Traders. By Herbert H. Marks, F.C.A. London: Gee & Co. (Publishers), Ltd., 6, Kirby Street, E.C. (98 pp. Price 4s. net.)

In the first place it should be borne in mind that this book deals only with non-resident traders, and not with private individuals resident abroad. Amongst the matters which are discussed are the definition of an agent and his position with regard to assessment; trading by the rendering of services; how the profits are ascertained; and the treatment of agency business and joint ventures. The appendix contains the sections of the taxing statutes relating to the subject, and also a resumé of some of the leading cases bearing upon the position of non-resident traders.

Spicer and Pegler's Practical Auditing. 6th Edition. Edited by W. W. Bigg, F.C.A., F.S.A.A. London: H.F.L. Publishers, Ltd., 19, Fenchurch Street, E.C.3. (616 pp. Price 21s. net.)

In the present edition of this work the whole of the text has been revised, and the chapter dealing with the liability of auditors has been enlarged in order to bring under review some important cases which have recently been decided in the Courts, whilst the chapter on investigations has also been amplified. Attention is likewise given to the audit of solicitors' accounts, especially in regard to the Solicitors Act, 1933, and the draft rules made thereunder. The book contains an excellent summary of the law and practice of Auditing clearly stated and well classified.

Company Case Law. By W. G. H. Cook, LL.D., and J. W. Baggally, M.A., Barristers-at-Law. London: Sir Isaac Pitman & Sons, Ltd., Parker Street, Kingsway, W.C. (184 pp. Price 7s. 6d. net.)

There is provided in this book a digest of the leading cases on Company Law, classified under five different headings, namely, incorporation; shares and dividends; management and administration; debentures; and winding-up. The method of treatment is to first give very

briefly the substance of the case and the decision, and to follow this by a short extract from the judgment indicating the salient point on which the decision has been arrived at. The method of compilation is rather unusual, and has the advantage of presenting a synopsis of the leading decisions on each of the main heads of company practice.

The Book of the Stock Exchange. By F. E. Armstrong, of the London Stock Exchange. London: Sir Isaac Pitman & Sons, Ltd., Parker Street, Kingsway, W.C.2. (408 pp. Price 10s. 6d. net.)

The author of this book is a lecturer on Stock Exchange Law and Practice to the City of London College, and the book is written primarily for the benefit of students. The details of Stock Exchange practice are accordingly explained in some detail and specimen forms are provided showing how the transactions are recorded on the various documents and entered in the broker's books. The forms and specimen entries are very useful and help the reader to follow more easily the textual explanations. A brief account, accompanied by rulings, is also given of the books required to record the transactions of a Jobber. Other matters discussed include the constitution of the Stock Exchange and how it works, the science of investment, factors affecting Stock Exchange Markets, and the machinery of settlement. Mr. Armstrong has produced a book full of interest and instruction.

Dicksee's Auditing. (15th Edition.) By S. W. Rowland, LL.B., F.C.A. London: Gee & Co. (Publishers), Ltd., 6, Kirby Street, E.C. (1,132 pp. Price 21s. net.)

The principal aim of this work is to state the foundation of theory on which the practice of auditing must be founded. In doing this, various matters of present-day importance have been introduced, including the *Royal Mail* case and questions arising out of the Companies Act, 1929. A feature of the book is the reports of legal decisions in relation to the responsibilities of auditors which extends to over 400 pages of the volume, and includes most of the leading cases. The appendix also contains extracts from numerous statutes, giving the sections relating to the subject of auditing. Alphabetical tables of the cases and the statutes referred to in the text are given, with references to the pages where they are quoted and discussed in the book.

Scottish Notes.

(FROM OUR CORRESPONDENT.)

Scottish Thrift.

The reports of the Trustee Savings Banks in Scotland for the year ended November 20th, 1933, show large increases in the sums due to depositors on the Ordinary and Special Investment Departments, but generally a decrease in the holdings of Government securities. The decrease in the holdings of Government Securities is chiefly accounted for by the repayment on December 1st, 1932, of the amounts of 5 per cent. War Stock to holders who did not assent to the conversion scheme.

It is remarkable that despite the period of depression through which the country has been passing for some years, the Scottish industrial areas show some of the highest increases in deposits. For example: the funds of the Glasgow Savings Bank have reached the highest level in the history of the bank. The total funds of the bank show an increase for last year of £1,298, 459. The bank thus still occupies the premier position among the savings banks of Great Britain.

An Aberdeen Example.

A story of a lifetime's sacrifice to help poor boys and girls was related at the 118th annual meeting of the Aberdeen Savings Bank recently. The story is that of

William Craig, an Aberdeen working upholsterer, who left the residue of his estate, estimated at between £5,000 and £6,000, to Aberdeen University for the foundation of scholarships. Unable himself to go to the University for lack of funds, he early set himself to accumulate a fund to enable poor boys and girls to get what he had been unable to get for himself. His weekly wage probably never exceeded £3, and for much of his long life was less than that. By systematic saving through the Savings Bank, he gradually amassed about £5,600, which must have cost him many a sacrifice, and it is to be hoped that those who reap the benefit of Mr. Craig's unselfish action will value the advantages they receive at their true worth.

Thrift—The Wrong Way.

The systematic saving of the Aberdeen working upholsterer referred to in the preceding paragraph shows what can be done by methodical and consistent effort, aided by the regular accumulation of interest.

Another method, but of unsystematic saving, was also told at the Aberdeen meeting. A man appeared a few days previous to the meeting with a bag containing money which he wished to deposit. This man's method had been to put into a "kist" (chest) single £1 pound notes, Treasury notes, and 10s. notes, many of which went back to the first issues rarely seen now, until the amount came to approximately £1,000. The contents of the bag were in great confusion, showing that there had been no attempt to sort them out, but that the notes had been simply thrown into the "kist" until it had evidently become necessary to put the money in some safer place. The loss of interest in this case must have been considerable.

Capital—Reduced and Increased.

A petition presented by an Edinburgh company came before the First Division of the Court of Session recently. The petition was remitted to a Writer to the Signet for enquiry and report. The reporter stated that the company was incorporated in 1876 with the main purpose of buying land, and to form a cemetery upon it. The share capital was £26,666 13s. 4d., divided into 40,000 shares of 13s. 4d. each, all of which were issued and fully paid. At a meeting, held in October last, a special resolution was passed to the effect that subject to the consent of the Court, the capital should be reduced to £20,000 in shares of 10s. each, and that 3s. 4d. per share should be returned to the shareholders.

At the same meeting it was also resolved that simultaneously with the confirmation by the Court of the reduction of capital, the capital of the company should be increased by £6,666 by the creation of 13,332 shares of 10s. each, and it was further resolved to alter the Articles of Association to give effect to these resolutions.

The reporter pointed out that prior to the passing of these resolutions the Articles of Association did not authorise an increase of its share capital. The assets of the company being mainly composed of lairs, were of the nature of a wasting subject, and it was necessary to set aside a fund to redeem capital from time to time. The proposed repayment would be made out of funds set aside in name of reserve.

The Division confirmed the resolution as to the reduction of capital, but refused confirmation of the other resolutions. The Lord President said that there was no difficulty about sanctioning the reduction of capital. The company had in its Articles no power to increase its capital. Under the Companies Act, 1929, the power to increase capital was dependent upon the company having in its Articles of Association power to increase capital, and this could be done without the authority or interference on the part of the Court at all, but the increase of capital was appended to the resolutions which the Court was asked to confirm and which had to be recorded. Attention was drawn to an English case in which something of the kind appeared to have been done. His Lordship said that it was not expedient that their Lordships should do any-

thing which would imply, for practical purposes, writing sect. 50 out of the Act. He saw that the thing might reduce itself to a formality, but it was technical and statutory, and the Court must deal with it as serious. With regard to the increase of capital the company must proceed upon its own responsibility.

Notes on Legal Cases.

COMPANY LAW.

Adelaide Electric Supply Company v. Prudential Assurance Company.

Dividends declared in Australia payable in England.

The registered holders of stock in a company registered in England, but carrying on business exclusively in Australia, claimed that they were entitled to be paid the dividends on the stock in sterling for the full amount, and not subject to deduction for Australian exchange.

The House of Lords held that an obligation to pay in Australia so many pounds, shillings and pence was effectively discharged by payment there of that amount and no more in Australian currency.

(H.L.; (1933), L.T.N., 503.)

In re Hoare & Co.

Rights of Dissident Shareholders.

A scheme under sect. 155 of the Companies Act, 1929, was accepted by shareholders representing 99.62 of the total issued share capital of a company.

Maugham (J.) held that where no less than nine-tenths of the shareholders of the transferor company approve the scheme, *prima facie* the offer must be taken to be a proper one, and the onus is on the dissentients of giving a reason why their shares should not be acquired by the transferee company. The Court has no right to order otherwise unless it is affirmatively established that, notwithstanding the views of a very large majority of shareholders, the scheme is unfair. The applicants had not established that the offer was one in which the Court would think fit to order that the transferee company was not entitled to acquire the shares substantially on the terms of the original scheme. It was ordered that the terms on which the shares were to be acquired were to include the payment of interest at 5 per cent. from the date when the cash would have been paid had the original offer been accepted.

(Ch.; (1934), L.T.N., 9.)

Russian and English Bank v. Baring.

Dissolution by Foreign Law.

Bennett (J.) held that a foreign company which has been dissolved by foreign law is not revived by the making of a winding-up order under sect. 338 of the Companies Act, 1929.

(Ch.; (1934), L.J.N., 29.)

EXECUTORSHIP LAW AND TRUSTS.

In the Estate of Humphries.

Foreign Grant of Administration.

Where a grant of administration of the estate of a person who dies domiciled abroad has been made by the Court of the domicile, a grant with regard to English assets will be made to the administrator no matter on what ground the foreign grant was made.

(P.; (1934), L.J.N., 11.)

INSOLVENCY.

In re Lennard.

Proof for Capital Value of Annuity.

Clauson (J.) held that where an annuitant proves for the capital value of an annuity payable by a bankrupt,

such annuity being guaranteed, the bankrupt's estate and the guarantor cannot be liable for more than that capital sum.

(Ch.; (1933), L.J.N., 403.)

MISCELLANEOUS.

Harte v. Williams.

Unqualified Person Drawing Instrument.

The Divisional Court held that a document in the form of a lease may be an instrument within sect. 44 of the Stamp Act, 1891, although under hand only; and that the appellant was rightly convicted, being unqualified for preparing for a fee an instrument relating to real estate, although he expressly omitted a seal because he was aware that he could not charge for preparing a deed.

(K.B.; (1933), W.N., 261.)

Feist v. Societe Intercommunale Belge d'Electricite.

Payment of Foreign Bonds.

The House of Lords held that a contract to pay a debt of £x in gold coin of the United Kingdom of or equal to the standard of weight and fineness existing on a stated date, requires payment in sterling of a sum equal to the value of £x if paid in gold coin of the United Kingdom of or equal to the standard of weight and fineness existing on the stated date.

H.L.; (1934), L.J.N., 27.)

REVENUE.

Perry v. Astor.

Stocks and Shares held by Trustees Abroad.

The Court of Appeal held that the whole amount of income from stocks and shares held by trustees abroad on trusts originally declared and revocable by a discretionary object of such trusts resident in England is assessable to income tax under the Finance Act, 1922, sect. 20 (1) (a).

(C.A.; (1933), 50 T.L.R., 110.)

Williams v. Trustees of W. W. Grundy.

Profits Omitted from First Assessment.

By sect. 125 of the Income Tax Act, 1918, if the surveyor discovers that any properties or profits chargeable to tax have been omitted from the first assessments; or that a person chargeable has not delivered any statement, or has not delivered a full and proper statement, or has not been assessed to tax, or has been undercharged in the first assessment, then where the tax is chargeable under Schedule D, an additional assessment may be made.

Finlay (J.) held that a discovery under sect. 125 is not limited to the finding out of facts which existed, but which were not known, but may be the result of a change of opinion.

(K.B.; (1934), W.N., 11.)

Corry v. Robinson.

Civil Servant Employed Abroad.

An established civil servant employed under the Admiralty was appointed by the Admiralty to a post at Singapore. While resident there he was paid a salary, and in addition a "Colonial allowance." During part of the time he was provided with an official house; when not so provided, he received an allowance in lieu of it.

The Court of Appeal affirmed the decision of Finlay (J.) (see *Incorporated Accountants' Journal*, Oct., 1933, p. 46), and held (1) that he was assessable to income tax under Schedule E; (2) that the Colonial allowance and house allowance, as well as salary, must be brought into charge, and were not deductible as expenses; (3) that the value of the official house was not income, and was not to be brought into charge.

(C.A.; (1934), 50 T.L.R., 125.)